

The Real Estate Wrap

With Leanne Pilkington

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Factors and fiction

Last week we heard different commentators effectively cover off all the bases.

Sydney property prices could see double digit growth in 2020. First home buyers will return to the market in droves.

Investors, provided they get over concerns about apartment construction quality – or alternatively settle on established properties in well-connected areas – have a generational opportunity to buy into the market at the beginning of a new growth cycle.

Families will continue to look to secure their future through strategic upgrades. Homes will become smaller as people prioritise access to recreational amenities and essential services, which is an ideal scenario for downsizers.

It's win-win-win-win. Apparently. But consumers are increasingly wary of real estate commentators talking up the market without proper justification.

And the justification is there, it just requires balance with the bigger picture.

The Reserve Bank meets next week for the last time this year. The recent rate cuts may signal caution in the broader economy but they have supported property transactions. Good news, but with an asterisk.

Rate cuts can offer a short-term reprieve, as we've seen, but when underlying issues run deeper, when factors like unemployment, international trade uncertainty, a fluctuating dollar and even climate change are factored in, a lower borrowing rate has natural limitations in terms of impact.

Vendors have every reason to be confident taking their properties to market in the current climate. Buyers in secure jobs should feel empowered to offer what they can to secure the home they want.

This is the scene that is set for 2020. It doesn't need to be over-emphasised, spin-doctored or gushed over. Instead, as broader economic factors play out, an approach of cautious optimism seems appropriate if you're looking to buy or sell property.

That, and an objective look at the fundamentals of supply, demand, what you're prepared to sell for, and what buyers are prepared to pay.

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Clearance rates: reserves surpassed

Volume wise, it was another bumper auction weekend, with the clearance rate again impressive and another round of reserve-smashing results to keep vendors interested. Next week looks busy as well, it seems, but the wind down will be here soon.

CoreLogic reports there were 934 auctions held in Sydney last week, with a preliminary clearance rate of 82.3 per cent achieved. The prior week's 947 auctions returned a final auction clearance rate of 71.9 per cent, a highly credible number in any market.

Final thought

Over the weekend, Domain reported on an auction which might provide a glimpse of what 2020 will hold. It also reinforced an important real estate truth.

A Hunters Hill townhouse had attracted strong interest, a good crowd and seven registered bidders. But when the action began, those bidders fell silent. It took several minutes until the first bid was accepted by the auctioneer – some were knocked back for being too low – and throughout, bidders were keen on raising the price in only \$10,000 increments.

Nevertheless, when the hammer fell, the reserve was comprehensively surpassed, Domain reported.

So what does this mean? For one, it tells us that while demand is strong and buyers are willing to part with their money to secure the property they want, they don't want to overpay.

It also tells us that some buyers still think there are bargains to be had in the current market.

In this case it was an auction but the same applies to private treaty sales. This example reinforces the importance of setting the right price, which is critical to generating interest, attracting a quantum of qualified, serious buyers, and then transacting for the best possible price.

You need an experienced agent with real expertise and a track record at the local level to get the number right. There's more than just recent comparable sales to consider. Each suburb – your suburb – has its own history, identity, charms, quirks and intangibles.

There are many factors that can influence the sale price of your home, and it starts with asking for the right amount. So much rides on it.

