The Real Estate Wrap
With Leanne Pilkington

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Tomorrow the Reserve Bank meets for the final time this year and whether interest rates are cut again – in our view that's unlikely until the new year – the fact remains that finance will be cheap for home buyers for some time to come.

The Reserve Bank Governor last week essentially guaranteed it. Interest rates "will remain low for an extended period," he said, in discussing the RBA's approach to keeping businesses and consumers informed of its plans, in the hope it promotes confidence.

It means 2020 will most likely kick off the way 2019 is drawing to a close.

From there, the forecasts will vary. Westpac's Chief Economist Bill Evans last week wrote that "Westpac now expects two rate cuts next year from the RBA with the cash rate cut to 0.25% in June 2020."

That's when quantitative easing policies could be triggered and potentially, economically, Australia will be in a tricky spot. But there's a lot of water yet to pass under the bridge before we get to that point.

Perhaps it's wiser to focus on the here and now. Summer is officially here and spring certainly lived up to its name, delivering an impressive turnaround.

The immediate future for property appears strong, underpinned by robust demand, but with some cause for caution which will keep the market on its toes.

Clearance rates: Sydney's busiest week

It was another stellar week on the auction front in Sydney, a trend reflected nationally as well. Bidders were encouraged to raise their paddle and reserves were consistently surpassed, with many vendors left to toast a successful campaign.

CoreLogic data says there were 1131 auctions held in Sydney last week, rounding out the spring selling season with more auctions than any other week this year.

The preliminary clearance rate was an outstanding 84.7 per cent, up from a final result of 76 per cent across 940 auctions in the week before, and more than double the clearance rate of 41 per cent for the corresponding week last year.

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Final thought

Once the election was decided, once the prospect of new negative gearing rules was quashed, once interest rates were cut and then cut again, and once buyers again recognised the value of property, the price decline cycle in the major markets swung and growth returned.

Perhaps it's tempting for vendors to think this growth in prices will simply continue as it has done in cycles past.

But as we look ahead to a new year, a new decade, the positive performance of the housing market in recent months must be balanced against a broader economic picture that's a little cloudier.

The point is, even though low interest rates will be a reality for the foreseeable future, people will be increasingly conditioned to be careful with their money. Home buyers especially.

What does it mean for vendors? Timing is important but perhaps the key take-out is to act in accordance with your own agenda, needs and goals.

If you've come to the decision that it's time to sell, waiting for prices to increase may prove to be waiting in vain. If a May sale fetches the same as a March sale would have, that's two months wasted for zero gain.

There's every chance 2020 could pan out as a year of stabilisation which, on balance, would not be a bad thing for the market.

But for people ready to sell now, who choose to wait for growth that's not forthcoming, it may become a year of missed opportunity.