The Real Estate Wrap

With Leanne Pilkington

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Glass half full

It's inaccurate to say real estate is back in vogue because in truth, it has always been a popular investment. But there's something about the market right now, moving back into full swing, that oozes optimism as other economic fundamentals remain in limbo.

Laing+Simmons agents across the different suburban markets are bullish about their listings. Already we've seen asking prices bettered and plenty of properties listed for auction have sold prior.

Strong first home buyer interest, fueled in part by the Government's savings scheme, is keeping the lower end of the market buoyant and as for the top end...a private buyer paid $20 million-plus for a Mosman house last week.

As such, just like 2019 ended, 2020's early results point to an environment of moderate price increases. It's reflected in the increasing number of properties coming to market, safe in the knowledge that buyer demand continues to outweigh supply.

SQM Research reports that the number of listings in Sydney was 5.1 per cent higher in January than the previous month. Yet it's not enough to balance the ledger.

Demand continues to significantly outstrip supply and *The Sydney Morning Herald* over the weekend ran with the headline 'Seller's market for quite some time' - a quote from Domain economist Trent Wiltshire.

As ever, there's a need for perspective. It doesn't seem that long ago that the term "housing bubble" was being thrown around as an inevitability. Of course, it didn't eventuate. Prices deflated, stopped, and in the time since, have regained much of the ground lost.

But the term "housing bubble" reared its head again last week. This time, it was *The Australian Financial Review* in a story about the Reserve Bank Governor apparently willing to accept a higher unemployment rate instead of lowering rates further now, on account of the potential implications of a sharp lift in borrowing by people already in large amounts of debt.

At this point in the cycle, talk of a bubble seems particularly premature. Best to focus on what we know. Buyers are keen, sellers are smiling.

Auction watch: Sydney leads early

CoreLogic weekly stats have kicked back in and the initial results from last week were impressive.

In Sydney, CoreLogic reports there were 428 auctions held – leading the capital city markets – with a

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preliminary clearance rate of 79.9 per cent achieved.

Nationally, last week's 1,122 auctions doubled the week prior, and the overall clearance rate of nearly 70 per cent represents a good start to the year.

Final thought

Perhaps the claims of it being a seller's market are justified. Certainly on the most recent evidence, some vendors will now move to a strategy of waiting for prices to rise further before listing their property.

It's a strategy fraught with danger and also one which – working on the principle that time is money – may not pay off even if prices continue their growth trajectory.

That is, the holding costs associated with delaying a listing, such as the continued land and utility costs, and the loss of opportunity of securing capital now, may not be recouped by the potential higher sale price down the track.

Downsizers in particular would be wise to balance these holding costs against potential benefits of making the move now.

Some people are in a position to take a punt. For others, the age-old advice still rings true: forget speculating about what the market might do, and make a decision based on your own personal circumstances.

Work out your needs, evaluate your wants. Then talk to an experienced local agent about a strategy that delivers both, whether it means listing today or tomorrow.