

The Real Estate Wrap

With Leanne Pilkington

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Boom tish...?

We want to be careful not to declare a real estate boom because in truth, it doesn't help anyone.

Buyers will obviously be wary of rising prices. Widespread buyer concern over rising prices can dent vendor confidence. For agents who base their value proposition on securing the right buyer for the right property at the right price for all parties, booms skew things.

And to be clear, we're not declaring a boom now. But more evidence emerged last week that has us wondering how much momentum this rebound can gather before it levels out.

This time it was price discounting. Domain reported last week that the number of properties being discounted in both the Sydney and Melbourne markets is back to "boom-time levels". Fewer vendors are having to drop the price to get an offer.

In Sydney, according to Domain data, the number of homes being discounted to sell dropped by 3.8 percentage points over the 12 months to January. It was 3.9 per cent for apartments. Less than 6 per cent of vendor campaigns rely on a discount to secure the sale.

It's boom time stuff but we'll see how things pan out once summer ends.

Last week we also saw the stamp duty conversation play out in a slightly different way. Three leading housing academics released a book, *Housing Policy in Australia: a case for system reform*, which argues for a national housing strategy, overseen by a dedicated housing minister and with a national agency responsible for overseeing housing policy.

It argues for reform around tax breaks on housing, especially for investment housing, as well as a shift from stamp duty to a land tax for state government revenue purposes.

It also argues for affordable rental housing quotas for new developments in well located areas for key workers, and for renters to have greater rights to long-term and stable leases.

Big picture stuff but whether there's an appetite for this kind of reform is questionable. There's no election around the corner. Housing policy and tax may be issues of the day now but whether politicians see votes in it, either way, is TBC.

Nevertheless, this most recent groundswell of anti-stamp duty rhetoric appears to carry a little extra weight this time around.

Auction watch: momentum gathers

The auction scene on the weekend was again hot. Across the board, bidding was strong and reserves

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were surpassed. Our Oatlands|Carlingford office auctioned an Epping home which saw paddles raised in \$10,000 increments before bidders up the stakes to \$40,000 increments.

The strong clearance rate reflected the current fever-pitch demand for property. CoreLogic numbers reveal a preliminary clearance rate of over 81 per cent in Sydney from 938 auctions.

Final thought

If price discounting is at boom-time levels the lesson for vendors is fairly straightforward.

Go into a campaign with reasonable price expectations, arrived at in collaboration with an experienced local agent, and hold firm. Buyers are out there and with each passing day, they know that the environment in which they can expect a bargain has passed.

Add to the mix the most recent NSW Government data on housing completions which overall, and despite large fluctuations between different council areas in Sydney, are expected to slow down, and the case for prices to remain buoyant is strengthened.

Vendors may even find a premium awaits in the sale price they eventually achieve. Being realistic at the outset is the key.

