

The Real Estate Wrap

With Leanne Pilkington

President of the REINSW
Managing Director, Laing+Simmons Corporation

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Strength in troubled times

An eventful week, not just in real estate.

Interest rates somewhat unexpectedly went down on account of the rapid induce of coronavirus-related panic. Effectively, the Reserve Bank acted on shifts that occurred in mere days, as opposed to weeks and months of pent-up data.

Pretty much all major banks passed on the cut, seemingly in recognition that this time, there are more important things at stake.

One Fairfax headline last week screamed that the outbreak could cost Asia Pacific economies \$211 billion and slow growth markedly, levels eerily similar to the GFC. There are puns here to make about toilet paper but we'll abstain.

Some interesting first home buyer stats came to light last week to provide a little more perspective to the current sensationalism in economic reporting. The data from the Real Estate Institute of Australia also provides greater context to the scope of the housing recovery in recent months.

The latest Real Estate Institute of Australia Housing Affordability Report found the number of first-home buyers increased in all states and territories across Australia except for WA in the final quarter of 2019. And this occurred *despite* a deterioration in housing affordability.

NSW had a 5.6 per cent increase in first home buyers with 7,927 new loans, to now account for over 30 per cent of the owner-occupier market. Their average loan size increased 3.4 per cent to \$489,969, making NSW the most expensive state for first home buyers.

So while affordability is clearly still an issue, it didn't stop first home buyers from getting busy. And while restricted supply will prevent homes from flying off the shelf like some other products in the current climate, it's clear that, despite the broader concerns, demand for property remains strong.

Auction watch: cashed up buyers prevail

The numbers through to the end of 2019 may indicate first home buyers are back with a vengeance. But the period since highlights the difficulties in entering the market amid competition from existing property owners and mortgage holders with the advantage of equity.

Domain reported over the weekend on the auction of a three-bedroom townhome in Newtown which attracted mostly first home buyers to the bidding stage. When the action got underway, however, those first home buyers were quickly blown out of the water.

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Bidding opened on the reserve and escalated rapidly from there. It went for \$160,000 over. It was one of many successful auctions in Sydney last week.

In fact, Sydney led the way nationally. CoreLogic data showed an 82.6 per cent preliminary clearance rate was achieved from 811 auctions, compared to 52.3 per cent from 701 auctions in the corresponding week last year. The weeks ahead will be interesting.

Final thought

It's in the air at the moment. We're in uncharted territory. Maybe SARS is a point of reference but really, no-one knows what the immediate future holds.

We're not just talking about real estate. But given that property is most peoples' most valuable asset, should the outbreak continue to spiral, ultimately the impacts of the coronavirus on the family home will become a question that dominates dinner conversations.

Friends and family will have an opinion. The media will settle on a recipe for clickbait. There will be predictions from politicians, economists, experts in all kinds of fields.

But you know that your home in your neighbourhood has its own distinct charms. An inherent value. And your local agent knows this too.

Before making any property decisions, influenced or not by all those opinions competing for air-time, make sure you seek the opinion of an experience local agent. It's the only way to keep the conversation about your bricks and mortar down to earth.

