

# The Real Estate Wrap

## With Leanne Pilkington

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### Let's talk affordability not price

The media is obsessed with house prices. Doom and gloom make the best headlines. But if the flipside is more affordable properties, greater choice and more opportunities for people looking to buy, there's a silver lining to the market that is going largely unreported.

Those in the market to buy property have not gone cold. Demand remains robust. Buyers are increasingly willing to negotiate, seeking to make the most of the perception that the vendor's market is a thing of the past.

Here's an obvious counterpoint: agents like negotiating too. Markets like this are when the best agents demonstrate how they can add value. The best local operators not only know how to draw out buyers in a cagey atmosphere, they can also find the middle ground at the negotiation table.

Some vendors might interpret flat or even falling prices as a barrier to action. Others may look upon improved affordability as an opportunity to capitalise. It all comes down to individual circumstances.

Nevertheless, there's no sugar-coating some of the numbers doing the rounds. For instance, the need for buyers not to over-extend is apparent. A Domain report from early this week looked at negative equity – owing the bank more for your home than it's worth – which is of course a situation to be avoided.

It quoted research from Roy Morgan which found that the number of borrowers with little or no real equity in their home has increased by 12 per cent since last year. An estimated 386,000 Aussie borrowers now owe more than the value of their home.

It's a worrying figure and it's recent buyers who are most affected. Crunching those numbers before committing to a purchase is key. If you're selling, you're probably also buying, so caution is advised. But optimism is warranted. Even if the headlines scream otherwise.

### Clearance rates: a half glass

CoreLogic reported a preliminary clearance rate for Sydney of 52.2%, up from 52% seven days earlier. But this number is not overly instructive: the group received results from just 429 of the 659 auctions held. In the prior week, a reporting rate of 67.1% was recorded in Sydney and as the results flowed in, the preliminary rate of 52% was subsequently revised down to 45.1%.

Expect a similar story this week. Clearance rates nationally are down and in Sydney, they continue to hover around the 50% mark. Which begs the question, if the glass is half full, why does everyone view it as half empty?

The remnants of the housing boom linger in the way people decry a 52% clearance rate. But this is the new reality and it's not all doom and gloom.

### Final thought

We often talk about the best agents being able to add value. But it doesn't have to be by selling your home.

If you know that, at some time in the future, you'll be looking to sell your property, there's nothing stopping you talking to an agent now. In markets like this, any projects you can undertake to add value to your home when it comes time to sell are worthwhile. Be it six months, one year or five years down the track, your home is most likely your biggest asset, and adding to its value typically makes sense.

Cosmetic touches, structural upgrades, opening things up to make it more liveable, or a few subtle changes to increase your privacy, there's plenty of options to make a property more attractive to potential buyers. An experienced local agent can offer real insights without the hard sell.

