

The Real Estate Wrap

With Leanne Pilkington

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Published 25 February 2019

It's a stand-off

There's a wait-and-see game playing out at the moment.

There's real interest from buyers. There's more optimism among vendors. The number of people attending auctions is solid. Reasonably priced properties are attracting lots of people through open homes.

But there's also a stand-off taking place. The number of real buyers making genuine offers is still subdued. Lots of people are attending auctions, clearance rates appear to be moving in the right direction, but the number of bidders is not necessarily higher. More people attending inspections is not necessarily translating to more actual offers.

Something will have to give. Last week *The Sydney Morning Herald* reported on the discounts being offered on properties across Sydney's different geographic markets.

Discounts are hardly surprising in this market and it may ultimately result in a re-balance of prices and stock. Over the weekend, *Domain* reported ANZ head of Australian economics David Plank saying that discounting would actually help clear the backlog of properties from the market.

"As that stock moves and new listings continue to decline, the available stock to buy will go down," he said. "When that starts to happen, that's when you start to see stabilisation of prices," Plank said.

So, where does this stalemate leave us? Generally, in a similar state to what the real estate market has been accustomed for the past 12 months. Well-priced, well-presented properties are selling for fair prices. Agents are having to work harder to secure sales.

Listings, too. Many vendors are waiting on an election outcome to put their properties on the market. They are waiting and seeing. But wait too long and they find themselves amid greater competition.

Clearance rates: auction season in full swing

According to CoreLogic, 795 homes were offered for sale under the hammer in Sydney last week, with a preliminary clearance rate of 58.6% recorded. That was down slightly from the 61% preliminary result recorded in the week prior.

Nevertheless, it remains a respectable result given the increase in volumes. There were around 270 more auctions held last week in Sydney than the week before. With auction season essentially in full swing, the next few weekends should provide us greater insight into buyers' mentality.

Final thought

There's a new market reality in 2019 though the seeds were sown last year. It's just taken a while for the market to recognise. And it may take a little longer for people – especially vendors – to accept.

Asking price has always been a deciding factor between attracting strong numbers through an open home, or next to none. Given current conditions, this point has never been more true.

It's a mindset. Agents are reporting a large number of vendors wanting to set their asking price relative to what their neighbours achieved for their properties in recent years.

"Mr and Mrs Jones got X for their property when they sold a few years back. Our property has a bigger yard. Ours is worth more." Or so the argument goes.

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But the rules of the housing boom don't apply now. The cycle has moved on and those tied to an outdated mindset will likely find their property sits on the market for some time.

The poignant rule to remember here is that buying and selling in the same market means the price you receive and the price you pay are both subject to the same conditions. Whereas two years ago you may well have secured a premium for the sale of your existing home, you will have paid a premium to secure your next one.

For those looking to upgrade or downsize, there's a case to be made that a sale and new purchase now makes more sense, with the price heat gone from the market. Upgraders can secure a larger home without the overheads of years past. Downsizers can re-enter the market at a smaller price point and have more left over for retirement. It's all relative.

