

The Real Estate Wrap

With Leanne Pilkington

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A question of numbers

For the next month Morrison and Shorten will attempt to woo us with promises of tax relief and wage increases, combining words like “billions” with topics like “health” and “infrastructure”.

Obviously we’ve heard it all before and pre-election budgets from both parties are typically aborted, at least in part, once a winner is declared.

This time, the numbers presented to us are perhaps less reliable. Deloitte has already warned that whichever party prevails will face an economy unlikely to grow at its long-term trend rate.

This from Deloitte director Chris Richardson: *“With house prices falling fast, consumers have become more conservative. And there’ll be fewer new homes being built – especially apartments.”*

Again, the housing market appears to foot the blame. Most agents would politely counter the statement that prices are “falling fast”. Yes, they have been trending downwards for some time and this decline is likely to continue for the short term.

But it’s just as true to say the decline has been gradual and slight, viewed in the context of the most recent price rise cycle as well as long term house price trends. Some perspective is called for.

Especially when, on the ground in markets across New South Wales, real estate is proving resilient.

Clearance rates: Easter rush

According to CoreLogic, there were 927 auctions in Sydney last week delivering a preliminary clearance rate of 62.9 per cent across 577 results recorded. The final rate will come back a bit as per usual, but this represents another strong showing for Sydney campaigns. The preliminary rate is actually above the result from the corresponding week last year of 61.5 per cent, although there were significantly more homes offered under the hammer heading into Easter 2018.

Final thought: ‘Winter is coming’

April is one of the ‘good’ months, holiday-wise. It’s an opportunity for families to get together over Easter, the kids are on school holidays, and each year on the 25th we commemorate Anzac Day.

Real estate-wise, it’s also a turning point. The warmer months are traditionally the best for the housing market: buyers have a sunnier disposition, there’s more properties to choose from, the optimism associated with new year’s resolutions is still apparent and more deals usually get done.

Of course, in reality, it’s never as cut and dried as this. This year more than ever has seen the real estate market deliver a slow burn. Through spring and summer buyers exercised caution not to overpay and vendors increasingly understood that the unsustainable prices being achieved two years ago were no longer possible. An endless string of negative news stories provided the backdrop.

The combined effect of all these factors was unsurprising. Transactions ticked along at a steady but unspectacular rate, the prices being achieved were fair but without premium, buyer demand remained strong but unmotivated vendors were willing to wait the supposed market slump out.

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Now, daylight savings has ended, Easter is upon us, and to shamelessly quote a pop culture juggernaut: "winter is coming". And yet, strangely enough, confidence in property is actually creeping up.

There's every chance winter will outperform summer this year. As we've mentioned, demand remains strong. Buyers who haven't managed to make a splash aren't going into hibernation. The number of people through open homes is encouraging. Auctions are well attended and the number of parties registering to bid is driving an increase in competition.

It will be interesting to see if vendors who have been waiting to list their homes continue to sit on their hands and wait for the return of spring. They might find they miss out on a pool of demand that is not yet evaporating.

So, if you've been considering selling, now is the time to engage an agent with local expertise. They will be able to give you an idea of the competition your property will face at the local level over the next months. They'll also be able to give you an indication of the level of buyer interest out there.

You might be pleasantly surprised.

Happy Easter!

