

The Real Estate Wrap

With Leanne Pilkington

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The difference is optimism

Last week the Reserve Bank acted in the way many predicted to drop rates to a new low of just 1 per cent. At the same time, new evidence that the Sydney house price downturn might be at its end emerged, with a mild increase in prices recorded by CoreLogic in the month of June.

We need more data to make a definitive call that the market has officially reached its bottom. This means more month-on-month price data and a clearer picture of the impact of the rate decreases, which typically take a while to wash through the system.

There's also the issue of economic uncertainty hanging in the balance, to which the housing market is not immune. The Coalition's new tax cut package enjoyed a relatively smooth passage through parliament last week which will ideally give the economy a much-needed boost.

While we can't yet officially declare that the market has stabilised, all in all, from a real estate market, the glass is half full. And so much of the market's performance depends on sentiment.

So where does it leave us? Effectively where we were, with strong interest from buyers, buoyed by cheaper finance and with APRA's eased lending criteria now in effect, coupled with a shortage of available homes to meet the demand.

The difference is gathering optimism among vendors, which is the first step towards a recovery down the track.

The principals of one of our western Sydney offices last week said his local patch has reached the bottom and there's upside ahead. Increases in market appraisals, greater interest from a full cross-section of buyers, including first home buyers, is evident, and he expects spring to bring with it a significant increase in stock coming to market.

There are similar stories around the suburban markets. Of course, waiting until spring has its pitfalls: vendors may find themselves in a market where their property is competing with comparatively more others to attract buyers' interest.

But there's a willingness among vendors to test the market that simply wasn't there some months ago. It's one small step, but it's a positive one.

Clearance rates: room for more

CoreLogic figures show there were 352 auctions held in Sydney last week returning a strong preliminary clearance rate of 78.2 per cent. However, volumes were substantially down on the week before, when

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the 503 auctions held returned a final clearance rate of 67.9 per cent, and even further down on this time last year, when 552 auctions were held across the city for a clearance rate of 50.1 per cent.

There's an argument that suggests there's room for more. Buyers are clearly interested and the homes that are available are generally being sold. It provides food for thought for vendors. A listing in the current market, when other vendors are biding their time, could pay real dividends.

Final thought

If you're thinking about listing your property for sale in the coming weeks or months, you're not alone. A newly stabilised market, strong clearance rates and the onset of spring all point to a pending increase in the number of properties becoming available. This is the time to think about what sets your property apart, and what tweaks you can apply to accentuate your property's best selling points.

The objective is two-fold. Getting buyers through the door and getting those interested across the line. An experienced agent specialising in the local market is your best resource for both.

Many vendors are tempted to renovate when a lick of paint will do. This is often the case if buyers are zoning in on your suburb or street, which a good local agent will recognise. Sometimes the cost of a large renovation won't be recouped, and you'd have been better off saving the expense (and the hassle, as time costs money).

Or perhaps your home will be one of several coming up in the area and a bit more work will help it stand out. It's worth talking to a local agent for their view on where you should focus your capital. If the natural surrounds are what draws people to the area, maybe focusing on the alfresco area, deck or verandah will give best bang for your buck.

Perhaps your home is all about the internal living spaces. Maybe it's best to freshen these up in a neutral way. Either way, you'll have an opinion. So will your family and friends. Make sure you factor in your experienced local agent's view too, as they're the ones in contact with a growing buyer pool.

