

The Real Estate Wrap

With Leanne Pilkington

President of the REINSW
Managing Director, Laing+Simmons Corporation

Published 19 August 2019

Stock shortage stalemate

It appears the lack of housing stock available for sale is really starting to bite.

Of course, it's been steadily building for some time. Clearance rates have been consistently strong. Numbers through open homes over the past few weeks have been high. Buyer demand is genuinely robust and, as Domain reported over the weekend, even those potentially less attractive homes that have been sitting on the market for months are being snapped up.

Such is the dearth of options for a growing buyer pool that is potentially losing patience. With the supply cycle now treading water in an absorption phase, many buyers - not just first home buyers either - are recognising that the picture perfect home might not be accessible, at least not at this stage of the cycle.

And so buyers are choosing to act now. When they can, that is.

But losing patience doesn't mean settling for less. Buyers still demand value. There may be a stock shortage that's underpinning prices but this is not an economic environment in which people will be reckless.

Instead, we may see more stop-gap property solutions in play. Buyers securing homes or investments with a shorter term outlook, knowing it's a great time to enter the market but not necessarily satisfied that the dream purchase is available now.

Buy something suitable now to secure a better platform to buy something perfect later. Sounds like a strategy one might devise in a buyers' market.

But the hard part is finding something suitable today with so few homes on the market. Which begs the question for vendors: how do I take advantage of this stock shortage stalemate?

Clearance rates: the run continues

CoreLogic figures show that last week in Sydney, 444 auctions took place, down 28.9 per cent on the corresponding Saturday in 2018. But the clearance rate was very impressive - 81.7 per cent - compared to 51.9 per cent a year ago.

So the strong numbers continue and we'd expect the final result to settle comfortably above 70 per cent. Nevertheless, CoreLogic's Kevin Brogan played the role of calming influence over the weekend:

"It is certain that (a listings boost) will happen with the spring season, but what we aren't certain about is if it will be a surge or gradual," Mr Brogan said.

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“What we will see (in spring) is there will still be some latent demand from buyers who have been approved by the banks but have yet to make their move,” Brogan was quoted in *The Australian* as saying.

Final thought

Earlier we posed the question: what can vendors do to take advantage of this stock shortage stalemate?

If it is true that buyers are snapping up whatever is available, intent on purchasing now as opposed to waiting for the dream home to present itself, it seems appropriate for a vendor’s marketing campaign to articulate the reasons that purchasing their property represents a smart investment for the future. This gives buyers comfort that the stop-gap option is the right one.

It’s a case of talking to an experienced local agent to tailor a campaign that speaks to the numbers. Why does the purchase represent good value now? Why can people expect its value to grow? What’s happening in the suburb that will make it a better place to live in the future?

There are countless avenues a campaign with this focus could take. Plenty of statistics that could be used to justify your position. But it’s those local factors that you, and your local agent, know that can be drawn out and emphasised that may prove the difference.

Buyers are looking to make a play now. Their options are limited, which works in vendors’ favour. It’s about bridging the gap for them to choose your property. This means making them feel comfortable that they’re doing the right thing.

