The Real Estate Wrap
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The banks: boldly bracing for bad PR

Most organisations in most industries will go to great lengths to avoid a bad headline. Seems the big banks are comfortable – and powerful - enough to take bad PR head on.

The Reserve Bank kept interest rates on hold last week but in the ensuing days, ANZ and Commonwealth Bank followed Westpac's pre-emptive strike to raise their lending terms. NAB are playing the good guys, at least this time around.

None of this should surprise us any longer. Sure, first home buyers and mortgage holders play particular attention to these announcements, but those serious about making a property purchase will not be deterred by minor rate adjustments. They factor them in.

But vendors should realise that rate rises play a role when buyers sit down at the negotiation table. It's your agent's job to understand what a buyer is prepared to pay, and how quickly they'll be prepared to put their words into action.
In markets like this, the art of negotiation can be the difference-maker. A good agent will have their finger on the pulse on all of the factors with the potential to influence the result. Interest rates are important, but they are only one part of a much bigger, more complex picture.

Clearance rates stabilising

According to CoreLogic, there were 654 auctions held in Sydney over the past week with a preliminary auction clearance rate of 57.8 per cent recorded. This is generally on par with the 664 auctions held last week, which showed a final clearance rate of 53.8 per cent.

To provide some perspective: one year ago, 826 Sydney homes went to auction and the clearance rate came in at 65.8 per cent, CoreLogic stats show.

Could it be that vendors are backing off from listing their properties and constricting supply as a result? AMP Capital's chief economist Shane Oliver was quoted in The Sydney Morning Herald saying as much.

"Sydney clearance rates may be stabilising at around the 50 per cent level because the listings have come off," Dr Oliver was reported as saying. He suggests stricter bank lending and dwindling investor confidence could see lower clearance rates become the norm in Sydney.

On the other hand, there's an argument that the opposite might happen. If the number of properties going to auction drops, there's every chance clearance rates will improve, based on stronger competition for fewer available properties.
So, as with all statistics, it's best to take the numbers with a grain of salt and pay greater attention to the actual situation on the ground. Which brings us to this week's final thought…

Final thought

Perhaps it's worth reminding ourselves that not every vendor - and not every property – is suited to an auction campaign. Vendors must be comfortable that the approach taken is the right one, and a good agent will always be able to demonstrate the basis of their recommendation.

One western Sydney Laing+Simmons agent reckons auctions are still very much the way to go. The reason being, buyers are often more hesitant to commit in private treaty campaigns and even if the property fails to transact under the hammer, a sale is typically still achievable in a quicker timeframe than via a private sale.

But different suburban markets, and the different pockets within, means there's no one-size-fits-all approach. Some properties have enduring appeal and a private or off-market sale can not only be possible, but preferable. Agents all have databases, but a database of serious buyers categorised by location is an important driver of the campaign approach.

The point is, vendors have options. Work with your agent to decide the best one for you.