

# The Real Estate Wrap

## With Leanne Pilkington

President of the REINSW  
Managing Director, Laing+Simmons Corporation

Published 9 October 2018

---

### RBA plays a straight bat

The Reserve Bank left interest rates unchanged at 1.50 per cent yet again. For those keeping count, that's 26 months in a row.

RBA governor Philip Lowe concluded that "The low level of interest rates is continuing to support the Australian economy" in announcing the widely-expected decision. He hinted that steady employment and low wage growth should keep inflation under control, so we can expect 26 to become 27 next month.

Nevertheless, most mortgage holders will have received a letter from their lender recently advising them of a small increase in their rates. In real mum-and-dad terms, rates are on the rise. The old adage that buyers should budget interest rate rises into their repayment capacity is coming home to roost.

It should come as no surprise. And the signs point to any upward movement being gradual. The recent round of increases from financial institutions has been received particularly coldly, as the public digests the many distasteful findings of the Royal Commission. So long as the official cash rate remains steady, so should the real lending terms offered to customers remain low.

The Reserve Bank has certainly been clear about its intention to hold firm.

### Number of auctions show vendor confidence

Who knows if the weather of late last week had a dampening effect on the weekend's auction action. Perhaps more buyers may have been drawn out had spring showcased its typical warmer touch.

Or perhaps it made no difference, as the Sydney clearance rate showed a mild improvement over the previous week. CoreLogic data shows Sydney returned a preliminary auction clearance of 53.5 per cent for the past week, improving on the previous week's final auction clearance rate of 43.8 per cent, which was the lowest result recorded for Sydney since December 2008.

There were 606 Sydney homes taken to auction for the week, mirroring the 608 properties taken to auction the week before. As clearance rates "tread water", as The Sydney Morning Herald reported, this is perhaps the most telling number.

Vendors appear confident enough to take their properties to market and buyers are willing to transact when the price is right. All in all, week on week, the spring selling season is showing its true colours.

### Final thought

Often it's developers who are most spooked by reports of house price declines and subdued transaction activity. How they react can be interesting, and opportunities can be revealed.

Some developers will offer discounts, or furniture packages, reduced deposit offers, credit card deals, and many other variations and options. Needless to say, the fine print counts. If buyers are to benefit from the different offers that are out there, they need to be 100% clear about what they're getting into.

For vendors, special offers attached to new properties can, by default, serve to reinforce the attraction of quality established properties priced to market expectations.

If you're planning to sell, think about the factors that make your home a joy to live in. It's these "lived in" qualities that may make your property resonate with buyers more than the new apartments on offer around the corner.

Need help articulating what these "lived in" qualities are? An experienced local agent will be able to help.

