

JANUARY 2018 NEWSLETTER

WHERE TO NOW FOR SYDNEY PROPERTY PRICES?

Firstly a Happy New Year to all our M Point clients and I hope 2018 is a prosperous and safe one.

This year will bring further change to our big markets – none more so than Sydney. People are no longer asking “when will the boom be over” as it’s very clear the Sydney market is cooling. The most common question now is “how far will prices fall”?

My suggestion is to remove that question from your psyche. Prices will do what they always do at this stage in the cycle – they’ll be up some months, down in others and overall we’ll be looking at a fairly flat year for growth.

With prices tapering a new more balanced market between buyers and sellers is now pretty well established. It’s important to remember that just like the stock market not every property rises or falls in unison. Some pockets of Sydney will experience some modest price growth over the year ahead while other parts of the market will fall in the vicinity of 3-5%.

For those of you who like numbers, the final stats for 2017 are in. Over the year, Sydney house prices grew by 2.1% and apartment prices rose by 5.4%, according to CoreLogic. That’s a big change from 2016 when house prices rose 16.7% and apartments 9.6%.

No two ways about it – Sydney is cooling. But we don’t see a crash at all. After significant price growth it is logical to see a pullback but Sydney has too many strong fundamentals keeping a floor under the market, such as undersupply and population growth.

I’d advise home owners to direct their attention elsewhere. Forget about what prices are doing and the tiny changes month to month that create those gloomy headlines when markets begin to cool. Look for the opportunity in today’s market. Here’s how I see it:

- If you’re a home owner, the biggest opportunity lies in debt management. Are you getting the best deal on your home loan? Is it time to look at fixing rates if you believe rates are moving higher? Can you afford to pay down some debt while interest rates are so low? Or do today’s rates combined with new equity give you the chance to renovate and improve your home?

- If you're a buyer, take advantage of extra choice in the market and less competition. Do your research and buy the highest quality home you can within your budget. Buyers waiting for prices to come back may be chasing a rainbow. By all means watch the market – especially the number of homes for sale as this could have a real impact on the price you pay but don't get too caught up in trying to buy "at the right time"
- If you're a seller, you might get a slightly better price selling earlier in the year as the market is likely to cool further. Big picture – the timing of your sale shouldn't be the major consideration right now. Look to sell when you're ready. Talk to the most experienced, professional agents in your area and ask them about their recent results and what they're doing differently to combat the change in market conditions. The best agents will already have a strategy in place

Whatever your real estate goals this year, I wish you all the very best. **M Point Finance** is here to assist you in reaching those goals. Whether it is in debt management or as a buyer or seller we have the expertise and knowledge to make it happen. The property market presents opportunities in times of both rising prices and falling (or stagnant) prices. You just need to figure out how the market climate in 2018 could help you get ahead.

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