

SEPTEMBER 2017

NEWSLETTER

Spring isn't just the season when the flowers are in full bloom and everyone gets to enjoy the bright, sunny weather: it also happens to be the biggest real estate season of the year. It's when sellers' gardens look their best and buyers who want to live in a new house for the coming school or work year get serious about snagging the right property.

The real estate market is expecting a strong Spring this year, despite indications of the market cooling in the major cities of Sydney and Melbourne. Excellent sale prices are still being achieved, particularly in sought-after locations close to the CBD where demand is highest, so I feel this is a good indicator of robust market conditions this season.

Last Spring, both cities were experiencing a significant shortage of stock and this had ramifications for both buyers and sellers. Buyers had the choice of paying a premium price or staying in the market longer, neither of which was appealing. Sellers stood to benefit price-wise from the supply / demand imbalance but buying back in was too hard, so many prospective vendors held off.

Things appear different this year. Latest stock data from CoreLogic shows new listings in July were up by almost 17% in Sydney and 10.8% in Melbourne compared to July 2016. If this trend continues, there's every reason to expect more homes for sale this Spring compared to last. My feeling is that while both cities will remain sellers' markets, buyers will have opportunities to purchase that new home or investment property.

The number of properties selling via auction is also increasing and I think vendors are making the right choice. Auction is the best way to find out the maximum price the market is willing to pay – right now, for your home. Clearance rates are still high in the 70% range in both Sydney and Melbourne, so we're well above normal market conditions (60%) and sellers should use this to their advantage this Spring.

November is traditionally a high-volume month so vendors will likely have more competition from other homes for sale if they wait until November. This may or may not affect the sale price of your property, it depends on the supply/demand balance in your local area.

One of the trends we always see when a boom appears to be over is a rush of owners coming to market to achieve the 'high price' their neighbours got during the height of the boom.

Depending on market conditions in your area, this might not be possible anymore. Demand is slowing down, especially in the investor segment, so sellers need to understand this and be realistic on price if they want to achieve a sale this Spring.

Below we outline some handy tips that would help prepare buyers and sellers for the coming peak buying season.

TIPS FOR HOMEBUYERS

1. Don't stretch your finances too thin and speak to us here at M Point Finance for assistance in choosing the most appropriate loan for you.
2. Be your own property expert. Do your research before jumping in.
3. Attend inspections and auctions before buying.

TIPS FOR HOME SELLERS

1. Ensure your property's listing price is accurate and reflects the market.
2. Choose a real estate agent who can add to your research.
3. Use key demographic data to best market your property.

Buying or selling a property is a huge decision and once that decision is made many factors go into executing that decision effectively. Here at M Point Finance we can not only assist you with financing but work with you and provide assistance whether you are a buyer or a seller this Spring.

Important: Clients should not act solely on the basis of the material contained in the newsletter. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Newsletters are issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.

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