

That Rate Hiccup

Susan Wellings, SMH Domain February 18, 2012

Listings are up and buyers are circling despite the banks raising interest rates.

Hoping to sell your house before Easter by attracting a parade of would-be buyers in the seven weeks that are left?

The big four raising their interest rates after the Reserve Bank's decision not to cut its own may prove a bit of a dampener on the traditional frenzy to buy in what's traditionally the peak of the autumn selling season but those in the market say there's still plenty of room for optimism.

After all, rates are still historically low, the rate rises were only about 0.1 of a percentage point and many potential purchasers are now shopping around for cheaper mortgages from smaller banks and other lenders.

Advertisement: Story continues below "Certainly, it's not a major issue in terms of affordability," says the senior economist with Australian Property Monitors, Dr Andrew Wilson. "They're just minute increases. They might have an impact on fragile buyer confidence and put them on alert mode but they might also push the Reserve Bank to drop their rates next month."

There's also the point of view that the Reserve Bank decision was a vote of confidence in our economy - which could, in turn, spur buyers on.

"I think it sent out a positive message to many people that the economy is strong and rates - which are already very low - didn't need to come down any further," says the director of Di Jones Real Estate, Gary Sands.

"Now, at the start of the new year, people feel sick of postponing their decisions because of the bad news coming out of Europe and just want to get on with it," he says.

"As a result, we're seeing much more activity and energy from buyers and excitement in the marketplace. In addition, everyone loves a deadline.

That Easter deadline is fast rushing up on us. Last year, Good Friday was April 22. This year, it's April 6 - meaning there's a whole 16 days fewer for sellers to get their property sold before Easter. And the school holidays that follow mean many buyers are preoccupied.

That's certainly the opinion of film and television producer Brian Rosen, who has put his elegant three-bedroom, two-bathroom corner house on Fletcher Street, Woollahra, on the market for auction with the agency on March 6.

"It'd be good to sell before Easter so you can work out what you're doing before winter hits," Rosen, 61, says of the property, which he hopes will sell for more than \$2.3 million.

"I feel you either sell in spring or now, before the end of summer. It's a good period."

Early days

Certainly, Sydney house prices proved resilient last year, with a 0.7 per cent rise, seasonally adjusted, in the December quarter and a 0.4 per cent rise in December, according to RP Data-Rismark figures. Rental yields for houses also stand at a healthy 4.5 per cent.

Prices slipped at the start of this year, however, with Residex showing a 1.18 per cent fall in the median house value in Sydney last month, while Wilson says the auction clearance rate fell from 63 per cent to 54 per cent over the past two weeks - although there was very little stock in the first week.

The head of investment strategy and chief economist at AMP Capital Investors, Shane Oliver, says it's still too early to tell how strong the market is now and whether the rate rises will have an effect.

"At the moment, demand is quite patchy depending on where your property is and buyers are still cautious," he says. "But I think we'll see rate cuts further down the line."

Yet listings are certainly up and already much higher than at this time last year.

The senior research analyst with RP Data, Cameron Kusher, reports that: "In Sydney, after the first four weeks of this year, they're at 36,151 - 46.7 per cent higher than at the start of 2011.

"If we do get a few more interest rate cuts, too, that will encourage a lot more sales activity and buyers to enter the market, while the fairly strong rental growth could see renters deciding to buy as well. But we need a few more weeks of hard data to be able to tell if there are better times ahead."

Realistic prices

With those kinds of market conditions, people who promote their properties best tend to attract the best sales. BresicWhitney agent Brigitte Blackman says it's vital to be realistic about pricing. Vendors of a property on Marshall Street, Surry Hills, which was passed in at auction at the weekend with hopes of \$1.3 million, have just put it up for sale at \$1.275 million.

"I don't think that was a result of interest rates going up; it was the price," Blackman says. "They're now meeting the market."

If a buyer falls in love with your house, a minuscule increase in mortgage rates won't have an impact, says the principal of Brown & Brown Conveyancers, Garth Brown. It's far more important to present your home in the best possible light. He suggests cleaning the front door and painting it to create a good first impression, as well as tidying the lawns and front garden.

"Also, indoors, de-clutter," he says. "There's nothing like stuff everywhere to turn people off."

"Before Easter, you don't have time to do anything major but freshen the place up by maybe changing the doors and handles in the kitchen, give everything a fresh coat of neutral-coloured paint and maybe even spray old tiles and the bath in the bathroom with white enamel paint. That can make a huge difference."

That's especially true in the run-up to Easter, traditionally one of the best times for vendors.

Timing

The chief executive of McGrath Estate Agents, John McGrath, sees the three months either side of Christmas as ideal - buyers are out and weather showcases homes at their best.

"The period leading up to Easter fits in well, not only because it's the end of summer, heading into autumn, but people have settled back in from their holiday season and many are looking to get set before winter," he says.

"I think 2012 will be stronger than 2011 and the previous two years, so I suspect this pre-Easter period will prove to be a strong selling period. Buyers are there in force at present."

A financial services executive, Peter Pannowitz, certainly hopes so. He's put his Farnell Street, Hunters Hill, house up for sale now while there still aren't too many other vendors out there.

"This time of year is still a bit quiet on the marketplace," says Pannowitz, 53, who's selling the five-bedroom, three-bathroom home on a 936-square-metre block, expecting more than \$1.575 million at next Saturday's auction.

Buyer demand is strong for good houses up to about the \$1.5 million mark, especially in the eastern suburbs and inner west, says the principal of buyer's agency Curtis Associates, Chris Curtis.

"In the better-quality suburbs there's still a real shortage of stock, so for those vendors it is a good time to be selling," he says.

The president of the Real Estate Buyers' Agents Association of Australia, Warwick Brookes, also expects demand to firm up in the period approaching Easter.

"The market kicked back in early this year and there's a lot of buyers out there," he says.

Family decides it's the right time to make their move

Early in a new year is the perfect time to make any resolutions about changing jobs or careers or ... houses, believes Dean Taylor. And with a growing family and a need for more space, he looked into his local property market and found there were few good houses for sale.

"So I felt that now, before Easter and still in summer, was a good time to sell our house," the former architect-turned Cracka wine sales company boss says. "We wanted to capitalise on the lack of

availability on the market and with interest rates still low - despite the recent rises - we think there'll be plenty of activity."

As a result, Taylor, 42, and former interior designer wife Gina Yallamas, 40, put their renovated 1880s freestanding cottage in Catherine Street, Lilyfield, up for auction on March 3 via Rick Nicholson of McGrath Estate Agents (0404 270 405).

With four bedrooms, two bathrooms and open-plan living, it comes with plans for off-street parking and a price guide of \$1.3 million-plus.

With three daughters, Sabine, 10, Sienna, 6, and Bronte, 18 months, the family are looking for a bigger home and a new renovation challenge. "We really enjoy finding a house and doing it up to create something special," Taylor says. "As well as being a good time to sell, now is a reasonably good time to buy, too ..."

Four strong sales in the last seven days

Marrickville

532 Illawarra Road

Sold for \$666,500

Asking \$560,000+

What it was Two-bedroom freestanding house on a main road in need of total renovation, sold last Saturday.

The agent, Sharlene Purser of First National Marrickville, says: "Looking at the buyer numbers and number of registrations on Saturday, no. I never heard one buyer mention interest rates. To me, when you get 26 contracts out on a renovator's delight on a main road it doesn't signal a downward market."

Redfern

4 Charles Street

Sold for \$790,000

Asking \$750,000+

What it was Two-bedroom unrenovated semi sold on Tuesday before today's scheduled auction.

The agent, Walter Burfitt-Williams of BresicWhitney Estate Agents, says: "This was still a good property so it was always going to sell well. The banks putting their own rates up last week may have spoiled the party for some sales at the moment."

Camperdown

18 Northwood Street

Sold for \$755,500

Asking \$650,000+

What it was Two-bedroom Federation semi on a wide tree-lined street, sold last Saturday.

The agent, Mark Bowis of Sarah Lorden Real Estate, says: "I don't think it really made any difference as I think people are already factoring that into their budget. We had nearly 200 groups through, issued 29 contracts and there were 10 registered bidders on the day. It was brilliant."

Darlington

39 Ivy Street

Sold for \$651,000

Asking \$550,000+

What it was Unrenovated two-bedroom terrace sold at auction last Saturday.

The agent, Jim Trammell of LJ Hooker Newtown, says: "No it didn't. I feel it hasn't had an effect on us, we're still getting a lot of people through the open houses, getting offers on properties, selling properties. Buyer sentiment is still positive."