

The land of opportunity

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Susan Wellings takes a look at the top 10 trends for cashed-up buyers.

What's hot for buyers this spring? Potential house purchasers now have much more to spend than last year, with mortgage providers loosening lending to pre-GFC levels, so it's even more important to choose wisely.

With higher loan-to-value ratio loans now available from most banks and other lenders, there are many more opportunities to buy.

"It's giving buyers who haven't been able to save up big deposits the ability to tap into the housing market," says Sam Armani of mortgage broker Intelligent Finance. "The risk is only if the market turns and the property value reduces."



Where and what to buy this spring.

Buyers are becoming more proactive, however, turning increasingly to buyers' agents to help. "That's definitely a marked trend as people have so little time to do the footwork themselves," says the director of House Search Australia, Jacque Parker. "With so many good-quality properties being bought before even the first open house, they come to us as we know about properties before they're on the market."

Yet with property now flooding on to the market across Sydney, buyers are increasingly spoilt for choice. There are lessons here for sellers in exactly what's hot this spring.

"They should also be taking note of what buyers are going for so they can market their properties accordingly," says an agent with McGrath on the eastern beaches, Simon Exleton. "It's a great opportunity for vendors."

So we asked leading buyers' agents for their top-10 trends in buying this spring.

1. Semi sizzlers

Semi-detached houses, once way down on the shopping list behind freestanding houses at Nos. 1, 2 and 3, have finally become fashionable, says the principal of Sydney Property Finders, Dennis Kalofonos. As an ageing demographic sells them off and buyers realise they just can't afford completely detached houses, there's a massive rush on.

"It's all about affordability but there are some terrific semis on the market now," he says. "Attitudes have now really changed towards them. People are very keen to buy and, since many of them are being sold unrenovated, they offer good buying opportunities, particularly for those upsizing from apartments."

2. Buying prices

The hottest sector of the market is for houses priced between \$900,000 and \$1.5 million, says the principal of Curtis Associates, Chris Curtis. In the eastern suburbs, the trend is for family houses under \$1.5 million, says the co-founder of GoodyerDonnelley, Pauline Goodyer. On the north shore, most of the buyers are looking for houses priced from \$2 million to \$2.5 million, says a consultant at buyers' agency Hand McPhee, Peter Hand.

In the inner west, buyers are looking at up to \$1.5 million, says a buying consultant at Rose & Jones, Stuart Jones.

But at the top end of the market, it's still pretty sluggish, with fewer buyers in the \$3 million-plus arena.

"This slice is driven by the finance industry and they're still uncertain about whether they'll get bonuses so there's still a stand-off here," Curtis says.

3. Buying early

We're now in a buyers' market and people are striving to buy now before interest rates go up further, Jones says. "Buyers are thinking, 'Let's buy now before the next rise, now rates are on the up,'" he says. "All the activity is going to be now until the end of May."

4. Lower North Shore

Empty-nesters from the upper north shore are increasingly looking to buy on the lower north shore to be closer to the city, cinemas and the myriad attractions at the Opera House, Hand says.

"Once their children have finished school, they want to get back to more populated areas," he says. "The problem is, there's not a great deal of quality stock around ... and it's often more expensive than they imagine. They're moving from a large block in Wahroonga, for which they might get \$1.2 million to \$1.3 million, to a much smaller block that will cost them more like \$1.8 million to \$2.5 million."

5. Moving in from elsewhere

Many families are now deciding to move away from the outer suburbs and are trying to get closer to the city, Curtis says. The main compromises they're then making are either land size or having to live under aircraft noise. "It's a real balancing act," he says. "The main difficulty is when one half of the couple is tolerant of noise but the other one isn't."

6. Study snoozers

Advances in technology have enabled us to work anywhere we like and, as a result, buyers are now forgoing their once dearly held dreams of studies. Instead, they're simply using a corner of a room, or the dining table, to use laptops connected with wireless, their iPads or phones. "They're no longer asking for studies and it's saving them a lot of money," Kalofonos says. "They're going for two bedrooms, rather than waiting for three-bedroom houses to come up to use the third as a study."

7. Cars v public transport

Many buyers are now putting a higher priority on a car space than on being close to public transport, especially in the west and north-west, Parker says. "I think it's part of the public's attitude to the state government and being fed up with waiting for promises on public transport to be fulfilled," she says. "One agent in Seven Hills told me only 2 per cent of people he knew used public transport to get to work."

8. Livin' large

Buyers are now often seeking an extra living area, so they can enjoy some quiet time away from the children, Curtis says. "That's become a marked trend, especially as the kids get older," he says. And couples are often having three children (heeding the advice of the former federal treasurer Peter Costello) and are thus looking for four bedrooms, Jones says.

9. Reno rebirth

With affordability sitting at near-record lows, buyers are eagerly seeking unrenovated homes in order to try to secure them for a better price.

"Renovating yourself has really come back into fashion," Kalofonos points out.

Curtis agrees. "We just can't get enough 'renovators' delights'," he says. "Eighteen months ago, everyone wanted homes already renovated with all the bells and whistles but now they've gone off the boil and people are prepared to take on a project. Rather than pay, say, \$1.5 million for an already renovated home, they'd rather pay \$1.1 million for an unrenovated house and probably pay \$250,000 to do it up themselves. It means they save the stamp duty on the extra \$400,000." In some locations, however, unrenovated houses are so popular there turns out not to be much of a discount (see above).

10. High-end high-rise

Self-funded retirees and downsizers are looking for high-quality apartments with fixtures and fittings far superior to those routinely provided a decade ago, Parker says.

"They're looking for bigger living areas, larger entertaining areas and more car parking and are becoming much more fussy about the standard of everything," she says.

Split decision

Daniel Spiteri married last year and the building industry project manager fondly imagined that he and his schoolteacher wife, Ola, would be well and truly settled into a house of their own by now. Sadly, that didn't happen.

Instead, they were living at his grandfather's place on the upper north shore and spending every weekend looking at houses, turning up at auctions and being outbid.

"I thought if we didn't buy a house soon, we'd be divorced," says Spiteri, 27. "It was a massive pain. There was just so much competition in our price range."

So when he attended the first open day of a small one-bedroom terrace house on Kent Street, Newtown, and liked it, he put down the deposit four days later. It's one of the fastest purchase decisions sales agent Poh Ling Ee of L.J. Hooker Newtown had seen.

"Maybe it was crazy," Spiteri laughs. "It's very small but it's in a great little spot and, working in the building industry, I can see how to make it bigger."

The couple paid \$637,000. "It's really stressed our budget but it'll be fine," Spiteri says.

"The market's so hot right now, we just had to get in."

Which would you prefer?

Just to prove unrenovated properties are hot this spring, take a look at these two houses. One has a daggy and dated interior, a peeling white-paint exterior and an ugly lean-to at the back. The one across the road is renovated beautifully, with a designer kitchen and open-plan living areas leading out to a beautifully landscaped terrace and garden. Having secured \$1,936,000 for the renovator's delight at the auction of 6 Wilga Street, Bondi Beach, last Saturday, a principal at GoodyerDonnelley, Pauline Goodyer, has just listed 5 Wilga Street. "It'll be around \$1.9 million-plus," she says. "The price will be similar." The buyer of No. 6, Terry Murphy (pictured), says he is prepared to spend a further \$800,000 on the property.