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Oct 24 2015 at 12:15 AM | Updated Oct 24 2015 at 12:15 AM

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Buyers' guide to a property market on the turn



In Sydney, where auctions are more popular, agents say the slowdown is creating opportunities. **Jacky Ghossein**



by [Michael Bleby](#)

For all the talk of a slowdown, the property market is still booming. Auction numbers are up across the board, as vendors from Adelaide to Brisbane put their homes up for sale.

Buyers are out in force this spring, the strongest season of the year, despite house price growth halving in Sydney and

Melbourne between June and September.

In every city in which auctions play a significant role in home sales – Sydney, Melbourne, Brisbane, Canberra and Adelaide – auction numbers have been higher in each of the last three months than at the same time last year.

But what does the slowdown mean for buyers?

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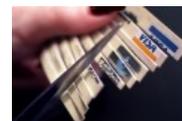
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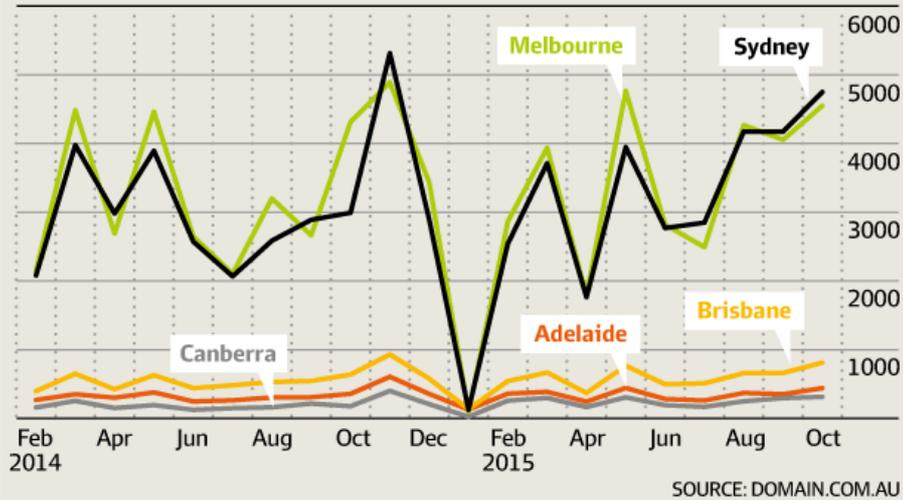


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"Anything that has a negative sentiment, or if there's negative media, presents an opportunity for buyers," says buyer's agent Rich Harvey, the principal of Sydney consultancy Propertybuyer.

"If there's negative sentiment, it translates into vendors having to readjust their expectations on what they're going to achieve in this market."

That's not the case everywhere. Different markets have their own dynamics. But as November, and the second half of the spring season gets going, many potential buyers face the same pressures – to reach a deal and a settlement that will allow them to be in their new home in time for the new school year.

It's the case in Brisbane, where the median house price growth is a pedestrian 0.8 per cent.

Should I buy now or wait for prices to fall?



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Property prices will continue to rise in Melbourne next year, albeit at a slower rate, so buyers who find something they like and can afford it should act now, says Andrew Wilson, senior economist for Fairfax-owned Domain Group.

Wilson anticipates prices will rise about 5-7 per cent in Melbourne in 2016. "It's the best market at the moment in Australia," he adds.

But there are clear disparities between the performance of houses and units, with the former showing price growth of 15.6 per cent over the year to September, compared with just 2.4 per cent for units due to rising levels of supply.

Wilson says buyers looking for better growth opportunities should consider the western and northern middle ring suburbs, which have been subdued for a couple of years and are now in catch-up mode.

"They offer reasonable yields of around 4.5 per cent and prospects for capital growth," he says.

For units, he suggests investors look at low-rise developments in inner ring suburbs like Prahran and Collingwood, where the prospects of more downsizing Baby Boomers is driving up demand.

"Stay away from the CBD or city fringe – unless you are willing to take a much longer-term view," Wilson says.

Larry Schlesinger



"There's a bit of a rush from buyers at the moment," says Meighan Hetherington, director of Brisbane-based Property Pursuit Buyers Agents. "We are seeing multiple offers pushing prices up above what the data would tell us is reasonable value."

In Canberra, by contrast, it hasn't yet reached a furious pace. This is despite the market picking up – detached house prices rose 2.3 per cent in the September quarter, up from 0.2 per cent in June.

"The smart money is buying now, while there's not that panic button among buyers, which gets crazy," says Claire Corby of Capital Buyers Agency.

Adelaide is in a similar position. Buyers still have time to get in ahead of the rush, says Tim Thredgold of real estate agency Toop & Toop.

"In about three weeks' time I reckon [people will be saying] 'Wow, maybe nothing else is going to come on the market, but if it does, we're going to be out chasing it,'" Thredgold says.

So what should buyers do? First, do your homework.

"Make sure your finances are in order, make sure you can come in and drop an unconditional offer – rather than not having done your homework and find someone else gets it at the same price, or even less, because they're unconditional," Thredgold says. "That happens."

Be aware of the way the market works, too. It's common in Queensland (where auctions only account for an estimated seven per cent of sales) for buyers to insert a clause in a sales contract that allows for bank and building inspections. That's different from other states, where prospective buyers do so before making an offer.

"You do have to be able to take the step and enter into a contract with the right clauses that allow the right level of inspection once that's under your control," Hetherington says. "If something comes up that isn't right, you can terminate the contract and get your deposit back."

In Sydney, where auctions are more popular, the slowdown is creating opportunities, Harvey says.

"A lot of agents tell us they used to have 10 bidders and 50, 60 groups going through," he says. "Now they have 10 to 20 groups coming through and two to three bidders. You never know your luck in a big city."

As the pre-Christmas home stretch approaches, market dynamics change. Many people who purchased earlier in spring will by November be trying to sell their own properties by the settlement date they have on their own purchases.

That desperation to sell can give buyers a good deal, says Paul Osborne, the head of Melbourne buyer's consultancy Secret Agent.

"Purchasers have a very good chance before Christmas, where a few owners are quite nervous about holding out for another two months," he says. "A buyer can be very cheeky about where their offer is, where they haven't had that privilege for some time."

Like Harvey, Osborne sees a positive for buyers in the news articles about a slowing market.

"I think we'll actually see a significant amount of stock right at the end of the year," he says.

Not everything will be up for a fire sale, however. Some properties will always be in strong demand. Osborne says good-quality family homes in suburbs with good schools are unlikely to see any let-up in demand, nor are investment apartments in inner suburbs such as Carlton and North Melbourne close to universities and hospitals.

"But equally there will be the other side of the coin ... properties that may have been passed in through November will be open to quite a decent discount on the reserve price to get a transaction," he says.

Christmas is coming, and that may just bring good tidings to buyers.

"We're not in a buyers' market yet in Sydney and we're a way off. It's still in the sellers' favour, but the markets have swung back towards the buyer," Harvey says.