

# Cautious optimism as sales trend upwards

**Andrew Wilson**

THE clearance rate for the first weekend of the autumn home auction season in Sydney was strong but it is still too early to gauge the underlying sentiment of buyers.

The auction clearance rate of 71.6 per cent on Saturday was well above the 48.2 per cent reported for the corresponding weekend last year. But with only 76 properties offered at the weekend, compared with 111 last year, a clearer trend will not emerge until the number of properties on offer increases.

Of the 63 reported auction results, four were withdrawn and 48 sold at an average of \$550,000. The median price of houses sold was \$595,025.

The most expensive Sydney property reported sold at the weekend was a three-bedroom house in Burwood for \$1.17 million. The most affordable was a three-bedroom townhouse in Campbelltown that sold for \$186,500.

Last year ended on a subdued note for the Sydney auction market with year-low clearance rates in December despite significant num-

bers of properties being offered for sale. Although considerable numbers of first-home buyers were active in the marketplace over the last three months of the year, the market generally had run out of puff by year's end.

Sydney was clearly the best performer of all capital city housing

This year is set to be one of gradual recovery in the Sydney market.

markets last year with median house prices down by just 1.3 per cent over the year and unit prices down by 0.9 per cent.

The resilience of the Sydney market reflects the underlying shortage of accommodation in the city, with a chronically tight rental market.

This year is set to be one of gradual recovery in the Sydney market with median house prices expected to rise by between 3 and 5 per cent over the year.

First-home buyers will be quiet

early in the year as demand from that group was brought forward at the end of last year. But expect this to be offset by increased activity from change-up buyers in the middle price sector of the market and investors in the lower sectors – particularly the unit market – that will keep buyer activity ticking along.

Although the prestige market will remain relatively subdued initially, expect some momentum to build through the year on the back of increased activity by aspirational buyers seeking value in quality properties in prestige locations, particularly in the \$2 million to \$3 million price range.

Unemployment in Sydney has increased in recent months, but the outlook remains positive despite indications of further job shedding, particularly in the finance sector.

The positive outlook will be enhanced by a further fall in official interest rates expected to be announced by the Reserve Bank board after its meeting tomorrow.

**Dr Andrew Wilson is a senior economist for Fairfax-owned Australian Property Monitors.**

06-Feb-2012

Page: 4

Business News

By: Andrew Wilson

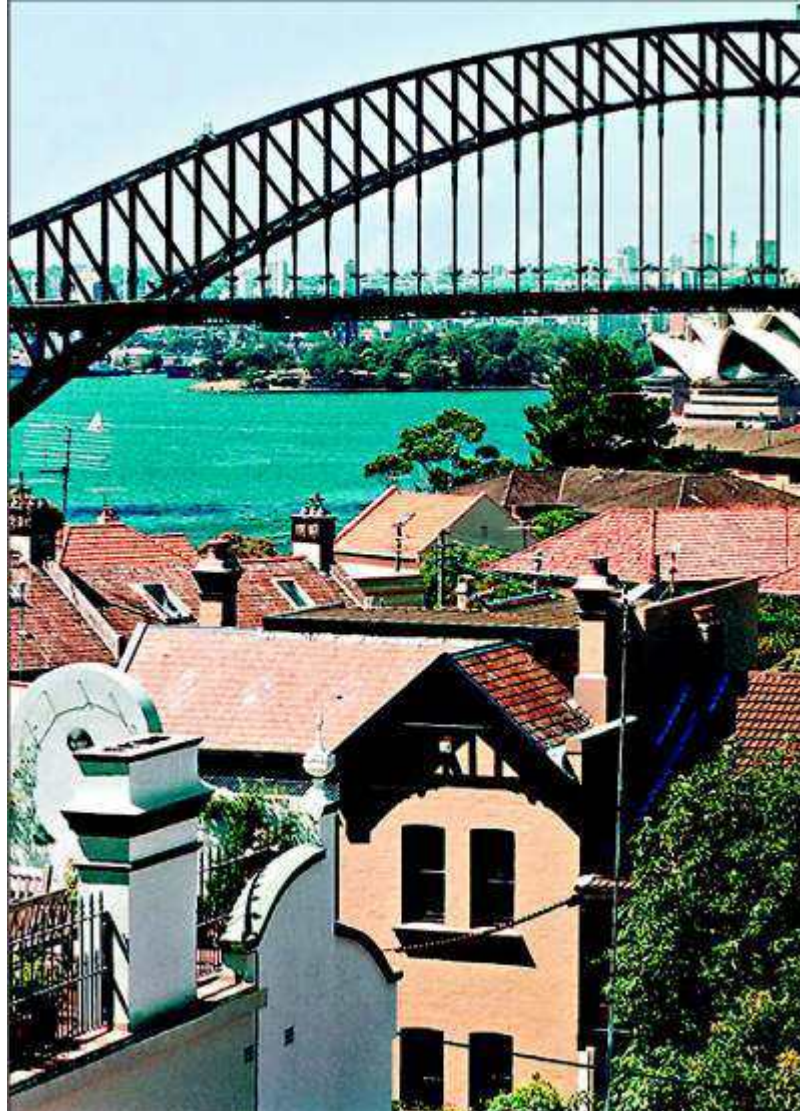
Market: Sydney

Circulation: 189803

Type: Capital City Daily

Size: 345.67 sq.cms

Frequency: MTWTFS-



**Top performer ... the Sydney clearance rate was 71.6 per cent on Saturday, the first day of the autumn auction season.** Photo: Michael Bunn