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Cold wind whistles through the auctions

Andrew Wilson

CHILL winds blew through the Sydney housing market last weekend.

After showing some signs of stabilisation over the past month, Sydney's auction clearance rate weakened marginally last weekend. The recorded rate of 52.8 per cent contrasted with 56.5 per cent the previous weekend. It was also a dip on the 55.7 per cent recorded for the same weekend last year.

Of the 212 reported auctions, 131 were sold for a total value of \$94.1 million, at an average value of \$718,320. The median price of houses sold was \$830,250 and for units it was \$566,000.

Of note recently is the relatively low number of properties being offered for auction each weekend compared to the same period last year.

The auction numbers last weekend were 16 per cent fewer than offered for the same weekend last year. The previous weekend's auction numbers were 40 per cent below those recorded the year before. This



Inhospitable ... Sydney's auction clearances fell on a cold weekend

perhaps indicates some reduction in confidence among sellers.

Despite subdued market conditions, Sydney's house prices have shown some stability over the past few months.

The latest Australian Property Monitors data revealed that Sydney's median house price rose by 1.1 per cent in the May quarter, following a similar rise in the April quarter. The lower north shore and the northern beaches recorded the strongest growth in median house

prices over the May quarter, up by 6 per cent and 5 per cent respectively. However, median house prices in these areas remain 3 per cent below those recorded at the same time last year.

The eastern suburbs has recorded the biggest fall in median house prices over the past year, down by 5.5 per cent.

In good news for mortgage holders and prospective home buyers, the Reserve Bank last week decided to leave interest rates on hold, with the outlook benign for any increase, at least over the shorter term.

Although NSW has provided some mixed signals lately, with jobs growth falling and unemployment rising, the underlying strength of the economy should continue to fuel income growth. Together with a chronic shortage of accommodation, this should underpin confidence in the Sydney property market.

Dr Andrew Wilson is a senior economist with Australian Property Monitors.