

PRONEWS

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CLEARANCE RATES SOAR FOR AUSTRALIAN AUCTION MARKET

Homebuyers have been busy bidding across Australia, with new figures showing that the combined capital cities clearance rate reached 80 per cent over the first quarter of 2021.

According to CoreLogic's Quarterly Auction Market Review, the weekly clearance rate has been at or above 80 per cent just five times since 2008, and four of those were in March 2021.

The property market has quite simply been booming and in the week before Easter it saw the highest auction clearance rate on record (83.1 per cent), which was the busiest week of auctions since late March 2018.

CoreLogic Head of Research Australia Eliza Owen said the strength of auction clearance rates in the March quarter corroborated with a rise in demand in the market more broadly, as dwelling values went up 5.6 per cent.

"This was illustrated through the month of March, when the combined capital cities saw a record high clearance rate of 83.1 per cent, against 3,840 scheduled auctions (the highest volume since March 2018)," she said.

Owen noted that the market has been spurred on by record-low mortgage rates, swiftly improving economic conditions, and a sense of scarcity as total listings across the country remain 26.0 per cent below the five-year average.

Will high clearance rates continue?

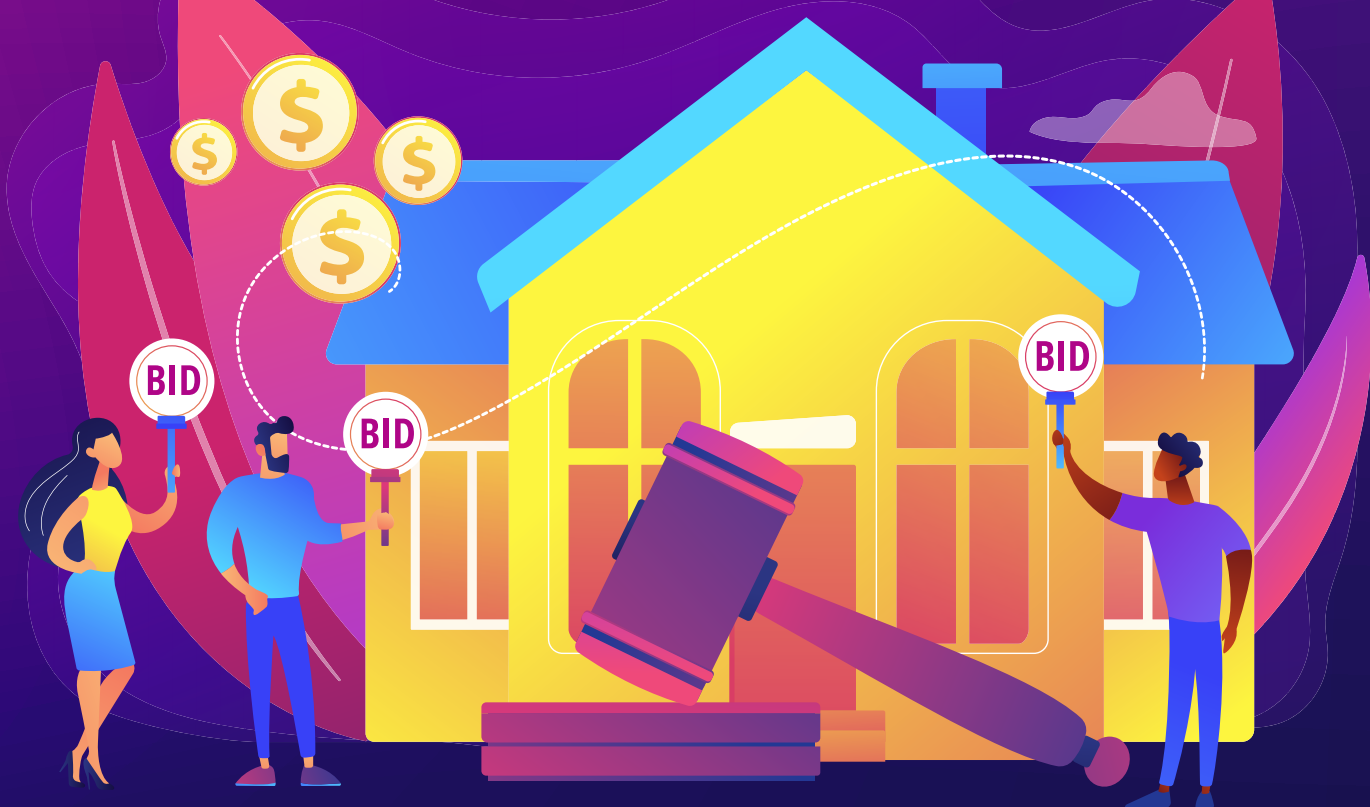
Autumn, along with spring, are traditionally times of year that we see auction activity peak, so there is a chance that things will slow down somewhat as the cooler weather sets in.

However, there's still a high degree of demand in the market due to things like low interest rates and lack of stock, so competition is expected to remain heated for some time even if it does settle down compared to what we saw around Easter.

Notably, we have been seeing even some smaller, less traditional, auction markets experience high clearance rates, which shows how broad the demand for property is across the country.

For property activity to really slow down we would probably need to see either interest rates go up, which the RBA has pretty much ruled out for the next couple of years, or new macro-prudential measures introduced.

There is also a chance that the heightened activity may cause buyer fatigue, which may see some people drop out of the market as they wait to see if things calm down at all in the months ahead.



TIPS FOR BIDDING AND WINNING AT A PROPERTY AUCTION

It's no secret that the property market is red hot right now and this has led to an increase in the number of homes being sold under the hammer.

Auctions can be daunting at the best of times but are particularly so when the market is fiercely competitive and there are large numbers of buyers for every property going up for sale.

But don't let the level of buying activity intimidate you because you have just as much chance of walking away with the keys to your dream home as anyone else... you just have to be the highest bidder on auction day.

A lot of this comes down to doing your research and due diligence beforehand and being prepared for the variety of auction day scenarios that could arise.

Here are some tips that may help:

Visit other auctions

The auction you want to bid at shouldn't be the first auction you've ever attended. It's well worth taking the time to head to as many auctions as you can to get a feel for how they work and to give you the chance to start to recognise any common strategies that might be utilised by winning bidders.

Have a game plan

Before auction day you should come up with a strategy of how you're going to go about bidding - for example, will you jump in early or wait until you know the property is on the market before you place a bid?

Everybody has their own way of doing things and it can help if you play out how things might go on the day

beforehand to figure out how you might respond in different situations.

The best strategy is being a confident bidder though, which being prepared will help you with.

Make yourself known to the agent

Don't hide away in the corner where nobody can see you because when you bid you want to be in clear view of the auctioneer.

Chat to the selling agent beforehand so they know you're a serious buyer. They can help guide you on auction day and will likely come over to you during the auction to make sure you don't miss out any opportunities to make your bid.

Set a clear limit

Above all else, decide on the price you're willing to spend up to and don't go over this amount.

Similarly, don't be afraid to bid up to the amount you decide on. It's easy to get psyched out by what other buyers are doing on auction day and lose your confidence, and sometimes when this happens bidders drop out even when they are happy to pay more.

Try not to be phased by what other people are doing, even if it looks like they have endless pockets, because you don't know what their limits are.

Just decide on your own what you think the value of the property is and bid up to it, and if the price goes above what you want to spend then it's time to move on and you can count the auction as experience for next time.

But hopefully you're the last bidder standing, in which case you'll get to enjoy being a proud new homeowner.



HOW MUCH TIME DO YOU NEED TO FIND A RENTAL?

Current rental lease about to run out? Or do you need to move to a new city by a set date?

Whatever the reason you might need to move, if you know that you're going to need to find something to rent in the near future it's a good idea to start looking sooner rather than later.

Everybody is going to take a different amount of time to find a rental, but factors that may influence how long it takes is how competitive the local rental market is, when the properties you want are available, how organised you are and whether you can find the time to head to rental viewings, just to name a few.

What if you need something right away?

If you have found yourself needing to find a property ASAP then you may be lucky enough to be able to find something and be moved in within the week, but you're going to need to get moving on inspecting properties as soon as you can.

Look for listings that say they are available immediately and have all of your paperwork ready to hand into property managers straight after viewings (if you are interested in the property).

It may take around 24-48 hours from the time you apply until you know you are approved, or perhaps longer, but this does depend on the property manager being able to verify the information you supply to them, so ensure that everything is accurate and up-to-date.

The property manager also needs to then wait to hear from your landlord to find out whether you are approved.

If you are approved then you can discuss with the property manager the date you want to move into the property.

What if you don't need to move for a few months?

For those who have a bit of time up their sleeve to find a rental, it still doesn't hurt to start looking and shortlisting properties right away.

Start searching online to see what's in your budget and check out the availability dates, because there is a chance that some properties won't be available for some time, which may line up perfectly for when you need to move.

Most properties will probably be available within at least a month though, so you might not find much available when you need it if you start looking too early.

Keep in mind though that if you do find something that you really like and you want to secure it then you might miss out if you don't go for it straight away.

There are a lot of cases where people need rental properties for dates in the future, but sign onto a lease earlier than they need to, simply to lock the property in. This will of course likely mean that you need to pay for rent before you are ready to move to the property, but it really depends on the particular property and situation.

Whatever the case may be, let the property manager know your circumstances and when you want to be able to move into the property so they can take this into account.

If you have given yourself a lot of time then if you miss out on one rental property then you should still have plenty of time to find another by the time you need it.



WOULD YOU MOVE INTERSTATE TO BUY YOUR FIRST HOME?

Many first home buyers contemplate moving at least a few suburbs away to find a home to live in, but would you move half-way across the country?

That's apparently what many first home buyers are considering as property prices boom across many of the nation's major cities.

According to data from Finder's First Home Buyers Report 2021, about 20 per cent of prospective first home buyers, or 2362 Australians a month, are considering purchasing a property in a different state to the one that they currently live in.

New South Wales first home buyers were the most open to buying interstate with 24 per cent considering the move. This is perhaps unsurprising given it has some of the most expensive housing in the country, which may be driving buyers to find more affordable options elsewhere.

NSW buyers were found to most likely look to the ACT or Queensland for a home, while 28 per cent of first home buyers were also looking to purchase in regional areas.

However it's not just NSW first home buyers willing to make an interstate move, with 19 per cent of Queenslanders and 17 per cent of Victorians also considering it. Both were most likely to move to ACT or NSW.

Moving interstate can be a great option for those looking for a lifestyle change or to live closer to jobs or family, and with interest rates so low at present it's understandable that a lot of first home buyers want to take the opportunity to jump on the property bandwagon in any way they can.

Tips for moving interstate

Research - Don't rush into anything without first researching the area you plan to buy in and ensuring it's going to be right for you and your family.

Visit if you can - Sometimes the idea of a place can seem better than it turns out to be in reality. If you are really serious about buying a property interstate and moving there then why not try renting there first to get a real feel for the area? Or, at the very least try to visit as often as you can before making a purchase.

Consider a buyers agent - Buying from a distance can be tricky, particularly in the current world of potential lockdowns and state border closures. To make life a little easier, consider using a buyer's agent to help find your dream home for you.

Make yourself aware of different laws and tax rates - Buying laws and tax rates differ from state to state so make sure you know what to expect before making any offers. For example most states have cooling-off periods of varying lengths, while WA and Tasmania don't.



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