

City poised to pounce on fall

With buyer confidence down, agents hope an interest-rate cut will inject life

THAT sound across Melbourne on Tuesday afternoon was everyone in the real estate market breathing a collective “phew” that interest rates did not go up.

Had the Reserve Bank announced a rate cut on Tuesday, there would have been shouts of joy.

While economists tended to agree rates would stay on hold, they remain starkly divided over whether the next movement will be up or down.

Given the spectacularly flat start to the spring selling season, real estate agents and people looking to sell their property will be hoping they go down — and inject some life into the market.

It is now 20 weeks since auction clearance rates rose above the 60 per cent mark.

The last time Melbourne had a run like this was in 2004, when there were 28 weeks below 60 per cent. Even after the global financial crisis in 2008, clearance rates perked up after eight weeks.



Nicola Webber

Of course, given just 25 per cent of properties go to auction, clearance rates are not the only measure of the market.

But they are an immediate measure of confidence. And they are telling us there is not much confidence.

Buyer advocate Sam Spernat says good-quality properties are still selling and fetching good prices.

“We know that there are a lot of people in the market who are cashed-up buyers waiting for the right opportunity,” he says.

Confidence appears to differ across Melbourne, with clear variations in clearance rates this year. REIV figures show the highest is in the inner east at 68 per cent and the lowest is in the west, at just 50 per cent.