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# Home sales surge back

By real estate writer  
BROWNEN GORA

THE Sydney property market is officially out of the doldrums. And in a trend not seen for over a decade, unit values are rising faster than free-standing homes, tracked by higher rental yields and affordability.

Resales figures show unit prices rose 2.55 per cent in the last quarter and four per cent in the past year, compared with homes, which grew 2 per cent and by 0.8 per cent in the same periods.

"What that says is that the Sydney housing market has stabilised and is out of a correction phase," ResaleX managing director John Edwards said.

"But in the longer term, units will outperform houses and land rather than the other way round. This is a new phenomenon in the last decade or two and we're in this changeover period because of affordability. It's abnormal for units to outperform houses," Auction clearance rates have also risen from below 50 per cent at the start of the year to an average of 70 per cent over the last month.

"Given we're in winter, this is really quite strong," Mr Edwards said. "In this market they're good numbers."

Buyer's agent Patrick Bright said the high clearance rate signalled renewed confidence.

"There's more buyers out there and people are confident and happy to be buyers," and sellers are meeting buyers' expectations with their reserves," he said.

"Every sales agent I talk to tells me they've got three or four bidders at most auctions, and some even having half a dozen bidders, which is a great sign and means there's plenty of buyers out there."

He said there was a shortage of properties as people held off putting properties on the market until spring. "We likely probably get a better price for it now rather than competing with the flood of homes in September."

SQM Research managing director Louis Christophers agreed. "The big turnaround is that there actually is a lot less stock on the market than we had at this time last year when nationwide there were 250,000 residential dwellings on the market. Now we're sitting at 165,000."

The top end of the market was still weak, however, with a lot of high-end properties being heavily discounted, he said.

Despite the positive signs, the real estate bubble created by increases in the first-home buyer grants has not yet burst in parts of the city. Research shows house prices in Mt Druitt, St Marys, Gosford and Campbelltown will be the worst hit when first-home owner grants start winding down next month.

Bialtown, Leumeah, Lakemba and Liverpool are also on a list of suburbs identified by ResaleX as most active in the first-home buyer market, but where home values have either gone back to zero or stayed flat.

Current interest rates of 5.7 per cent are forecast to hit 6.7 per cent by mid-2010.

Do you think the housing market slump is over?

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