



Properties drying up as auctions spit the dummies

Monday, 20 October 2003

By Lisa Pryor and Jonathan Chancellor

The new auction rule eliminating dummy bidders is being partly blamed for a rise in the number of properties being withdrawn from sale in Sydney.

Further dampening the market, ambitious asking prices are increasingly being rejected, with just 60 per cent of 274 weekend listings across the city finding buyers - at an average \$770,000.

The clearance rate is running at 60 per cent this month, compared with 62 per cent last month and 68 per cent the month before. One hundred and seventy-six properties, or 8 per cent of stock, were withdrawn from sale last month, compared with 87, or 4 per cent, in September last year.

"The increase in the number of properties being withdrawn from auction is, at this stage, largely an issue in NSW and this is mostly because of the new legislation which requires bidders to register prior to auction," said the Home Price Guide managing director, Tony Shannon.

"Obviously, in some cases there are other personal reasons for withdrawing a property from auction, but the new legislation means that agents now know if there are any potential bidders. And if there are no bidders registered it is clearly in the vendor's best interest to withdraw."

While agents say the deteriorating clearance rates are typical of spring, and the rush of stock onto the market, property analysts suggest the market is slowing as buyers brace for interest rate increases. In Paddington last week, half of the eight houses failed to sell, despite bids well above \$1 million. In Newtown, just two of six houses sold. All three townhouses listed at Crows Nest failed to sell, with highest bids between \$590,000 and \$720,000.

The chief auctioneer at Richardson and Wrench, Peter Baldwin, said he had "never seen the bar set so high" for reserve prices. "A lot of vendors have trouble coming to terms with the fact that the market has plateaued and that the short-term prognosis is we've probably had the best of it.

"We're getting an increase in supply, and there is a general knowledge in the market that there is going to be a good run of supply now until the end of December."

Volumes are up compared with last year. About 4900 houses and flats were listed for sale in the weekend *Herald* classifieds, compared with about 4600 on the same weekend last year.

Some suburbs defied the lull last week. In Strathfield, all nine houses and units listed sold. Vacluse and Drummoyne also had 100 per cent clearance rates.

While record prices are still being achieved - such as \$2.1 million for a renovated waterfront cottage in Bundeena - some analysts expect to see flattening prices as owners and buyers prepare for future interest rate rises.