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local property news

McGrath



The property market on the Northern Beaches has not slowed down since the beginning of 2015 with a continued lack of stock, low interest rates and a large number of buyers competing for a small number of available properties. As we move into the winter months we usually see less homes and apartments for sale due to people feeling their homes do not present as well as during the warmer months, but they may end up in the bottleneck of the spring rush. I always tell my clients that the winter period can produce some of the best sales results with such a small number of properties for buyers to choose from.

The lack of available stock is being driven by the "fear factor" of people worrying that even though they may get a great price for their home, they may not be able to buy back into the market with so little to choose from, and prices will surge beyond their budget for the next home. The other big question on everyone's mind is how long is this price growth sustainable for? Incomes are certainly not going up at 20% per annum so how long can people keep up with this rapid price rise before it comes to a halt. As I said in my last newsletter there have been corrections in our market every four years since 2004 so there may be a change in the market sentiment in 2016. The catalyst for this correction is obviously unknown right now, but the trend makes sense as many suburbs such as Manly, Fairlight and Freshwater have now moved up in price by around 30% to 40% in the last couple of years. However, not every suburb has done so well with Clontarf remaining relatively flat and Seaforth only increasing by around 10% in the last year.

One clear example of this growth in Manly is my recent sale of 46 Smith Street. This two bedroom single level freestanding home sold with us in April 2013 for \$1,510,000. The owners had not done anything to the home since then, and we just sold the property at auction in May 2015 for \$2,115,000. This represents a 40% increase in value in only two years or 20% per annum. The last years where we saw this kind of



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growth were in the early 2000's and also in 2007. However, there were corrections in 2004 and 2008 after these strong growth periods.

The prestige market has been relatively flat since 2003 apart from a one off year of substantial growth in 2007. It is certainly due for an increase in value and the results are starting to show, especially in the last year or so. As the properties in the \$2 Million to \$4 Million increase in value it gives the people selling these properties the ability to push up into the \$4 Million plus range if they are trading up to the prestige market. This is helping increased the buyer activity in this range.

There have been a number of strong sales of apartments and homes with ocean or harbour views in Manly, Queenscliff and Seaforth that indicate that the top end of the market is gaining confidence. The Mosman market is usually the leading indicator in terms of a prestige market that we tend to follow. They have had a surge in prestige sales in the \$4 Million to \$15 Million range since the beginning of 2014.

Two of my recent prestige sales that have followed this improving trend are a house sale at 77 Bower Street, Manly and a penthouse apartment at North Steyne, Manly (about to exchange contracts) – both for a confidential figure around the mid \$4 Million range.

We are running most of our properties through an auction campaign and the majority are being sold on the Auction Day. Some of our recent sales are as follows:

77 Bower Street, Manly – This four bedroom home on a 696m² block sold after an expressions of interest campaign to an overseas buyer based in Sydney for a confidential figure as mentioned above around the mid \$4 Million range. This house is due for a lease renewal in the next twelve months and will also require a substantial renovation so the end cost will be several million dollars more.

113 Victor Road, Dee Why – This five bedroom home on a 604m² block set a new street record selling at auction for \$2,405,000. There were nine people registered at the auction and the home sold to a Chinese family already based on the Northern Beaches.

46 Smith Street, Manly – This two bedroom home on a 271m² block sold to a family from the UK who bought this as their first home in Australia. They had been renting in Manly looking to buy and the increase in the pound had helped with their budget. There were eleven people registered at the auction and the home sold under the hammer for \$2,115,000 as mentioned above. This sale price shocked many Manly locals and was well above all recent comparable sales.

9/132 Bower Street, Manly – This 88m² two bedroom apartment in a security building sitting above Manly Beach sold to an out of area couple from Lindfield who bought it as a future downsizing option. There were eight people registered at the auction and the apartment sold for \$1,830,000 which represented just under \$21,000/m². This was the highest price paid for an apartment in the building.

3/5 Griffin Street, Manly – This 66m² two bedroom ground floor unit in an art deco building sold at auction for \$910,000 to an out of area buyer from Wahroonga. We sold this unit only twelve months earlier for \$690,000 which means that it had a 32% increase in value and they had only spent approximately \$20,000 on improvements in that time.

We have now moved into our new McGrath Manly Office at the Grand Esplanade Building opposite Manly Wharf 54 West Esplanade, Manly. If you would like to speak with me about buying or selling please feel free to drop in to our office, email me or call me on 0414 612 546.



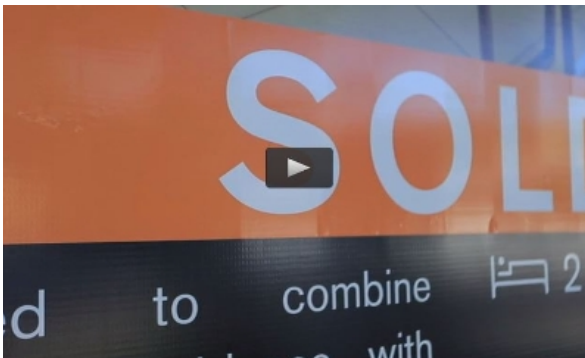
So we're well into the third year of substantial price growth in Sydney, with home values up almost 7% in 2015 (CoreLogic RP Data) and we're not even at the half way mark yet.

The boom was not expected to continue this far into 2015. We saw a dampening of the market in November 2014 when a lot of stock came online and indications at the time were that we might be coming to the end of the rapid growth period.

But the market has kept going, in part due to two further interest rate cuts which have done a lot to keep buyers engaged. But as prices keep rising, so does the intensity of discussion around price bubbles and the apparent potential for collapse of property values in the Sydney market.

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46 Smith Street, MANLY | AUCTION



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Feature Property



81 Bower Street, MANLY

Showcasing a fabulous family-friendly layout with magnificent alfresco entertaining venues, this elegant luxury residence is nestled in Manly's premier street. Set against sweeping northerly coastal and ocean scenes, it is only footsteps from the ocean.



38 CLIFF STREET,
MANLY



2/91 NORTH STEYNE,
MANLY



SOLD

46 SMITH STREET,
MANLY
\$2,115,000



SOLD

9/132 BOWER STREET,
MANLY
\$1,830,000



SOLD

3/5 GRIFFIN STREET,
MANLY
\$910,000



SOLD

77 BOWER STREET,
MANLY
WITHHELD



SOLD

113 VICTOR ROAD,
DEE WHY
\$2,405,000