



2018 END OF YEAR REPORT

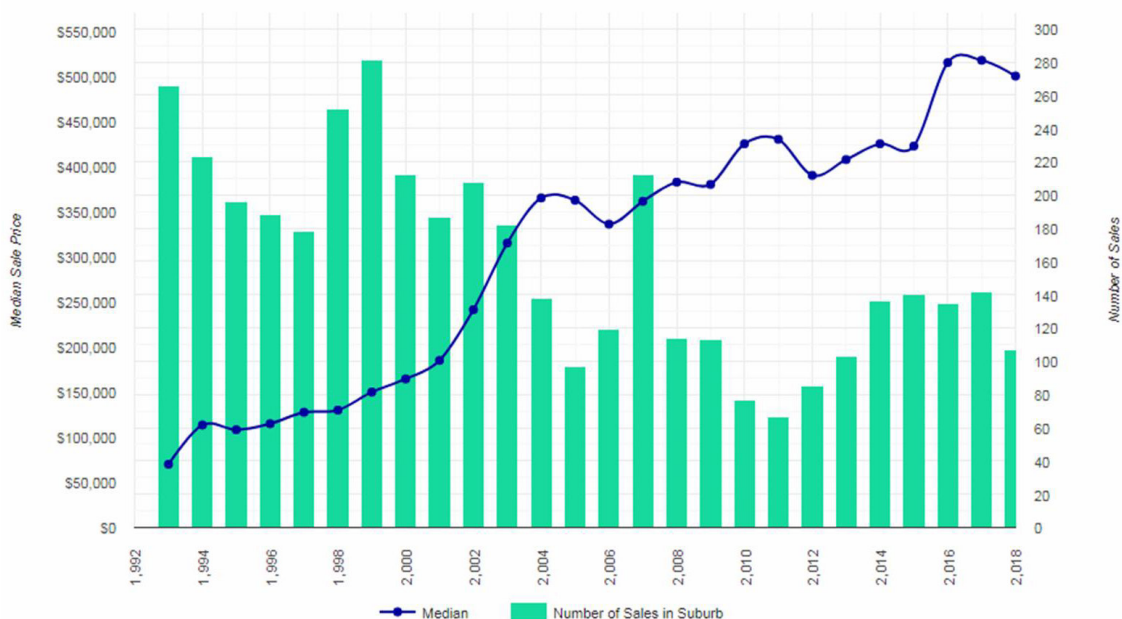


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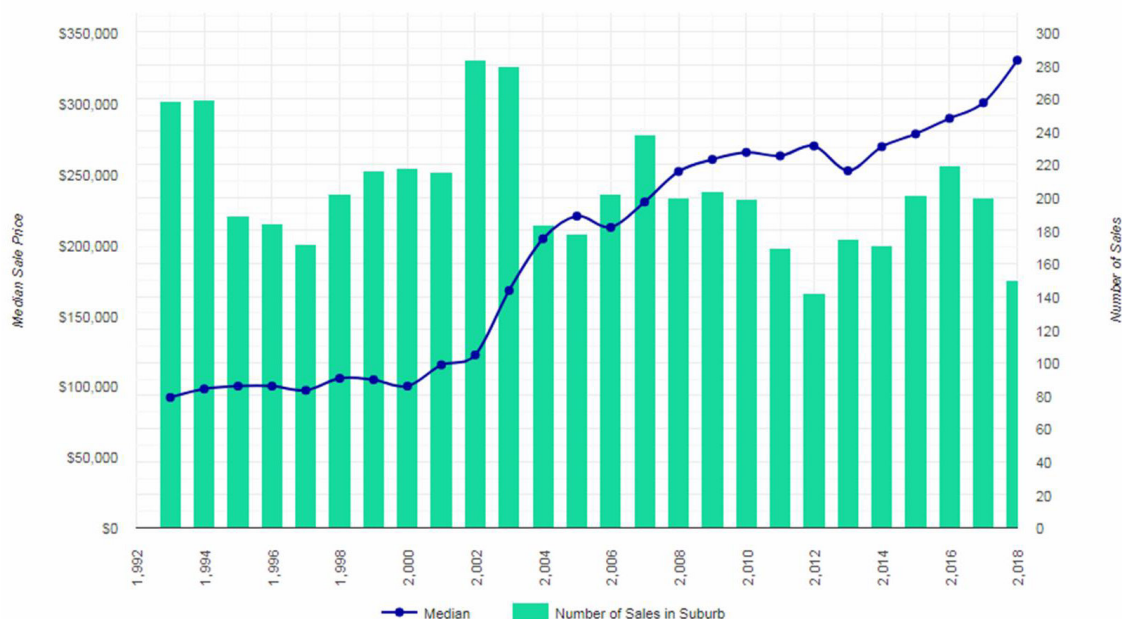
| Yamba / Grafton

2018 has been a mixed bag of results in the residential property sector in the Clarence Valley with the year starting off strongly but fading away as the year progressed. With the initial buzz of the Pacific Highway upgrade taking a back seat, we have seen a stabilisation in capital growth and a reduction in sales volumes as the year grows older.

Sales & Growth Chart for YAMBA



Sales & Growth Chart for GRAFTON



Investor numbers across the region are declining as a result of tightening credit conditions. The finance taps have finally been turned down — first by the banking regulator (with a particular focus on investors) and then by ASIC's belated enforcement of responsible lending laws and the banking royal commission's strict interpretation of how loan applicants should be assessed. Getting money is getting hard!

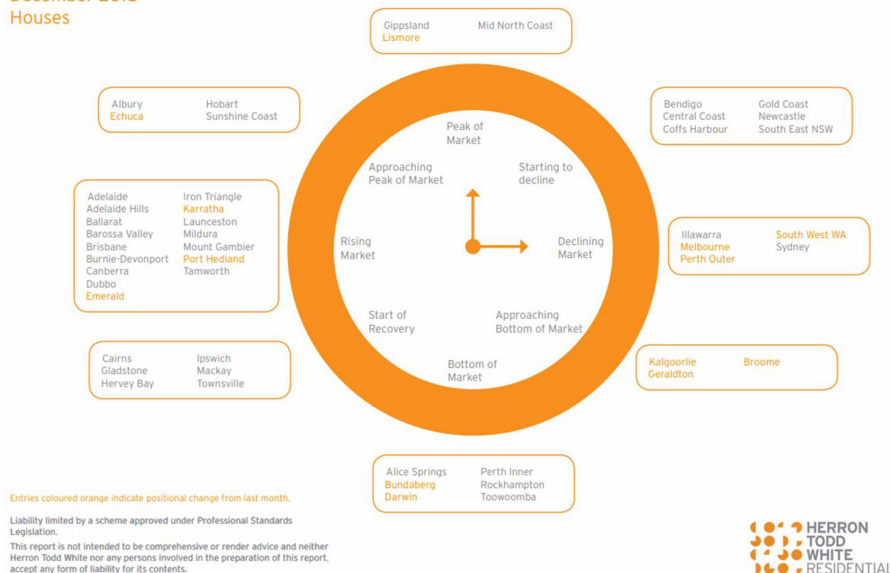
Housing credit is still growing, but at the slowest monthly pace since 1984 and the weakest annual pace since 2013, and it is still decelerating. The equation is simple — if banks now lend buyers 20 per cent less than they were before, that means those buyers will have about that much less to spend on their purchase.

Combine this with the talk of changes to negative gearing proposed by a possible incoming Labor Government next year and it becomes clearer why sales numbers and prices are dropping. The number of days on market is growing for both houses and units with more haggling on purchase price, rather than often being sold quickly and at or near full price as has been the case during 2016-2017.

Predicting the future is the tricky part to the equation with many factors needing to be considered. Let's look at the property clock . . .

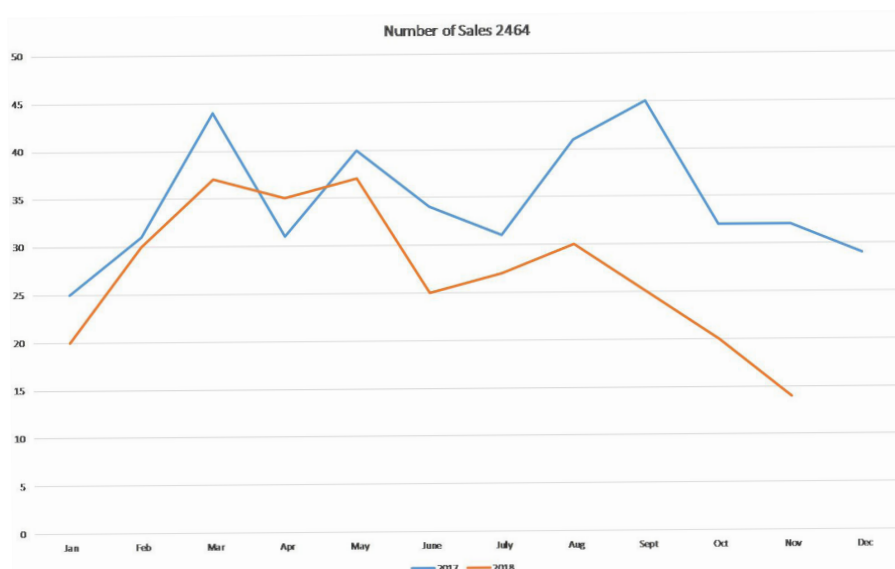
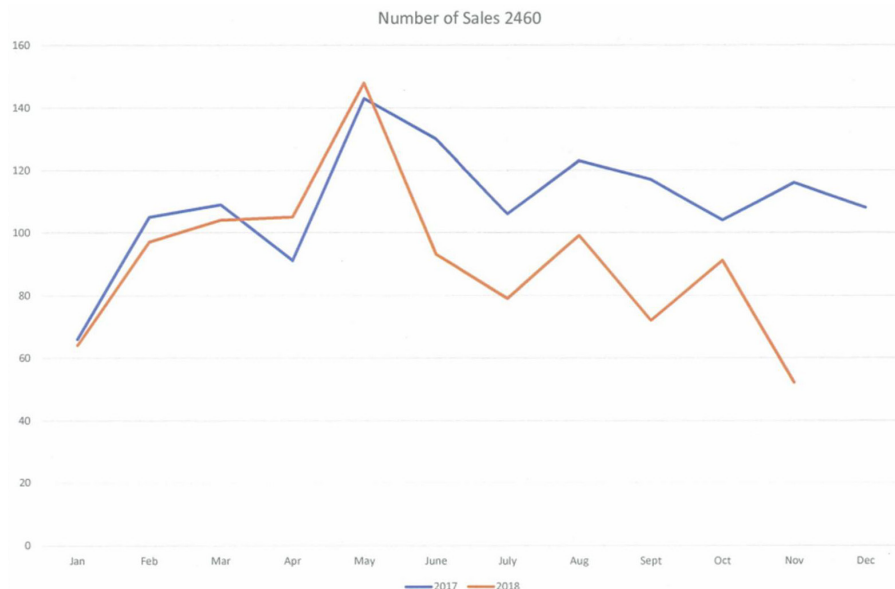
The southern capitals of Sydney and Melbourne are both at 3 o'clock in a declining market. According to CoreLogic as at mid-November, the Sydney median price was down 6.1 per cent since the start of 2018 and 7.4 per cent from the same time last year. Auction clearance rates have dropped below 50 per cent consistently, from around 60 per cent this time last year, and around 80 per cent this time in 2016.

National Property Clock December 2018 Houses



Looking at the sales and growth charts for Yamba and Grafton below and combining these with the monthly number of sales and the likely time for Yamba is around 1.30 and Grafton at 1 o'clock.

While it's hard to predict how long the current pull back will last it seems likely that it will run well into 2019 and maybe longer. The factor that remains unknown is exactly what will happen to the market when all the highway work, Grafton bridge and new gaol are completed and all the workers move on. The trip to the Clarence Valley from SE Qld will be much faster and that will create more interest in the area and that may well be the catalyst to move the clock past the bottom and onto the road to recovery.



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and how you can best profit from this information,
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