

Buyers gripped by 'fear-of-missing-out disease'

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As Sydney's property market "sizzles" home buyers are catching "fear-of-missing-out disease", a leading buyer's agent says.

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Property values shot up 2.7 per cent in June, according to RP Data, and Australian Property Monitors auction clearance rates averaged 75 per cent over the month. Nine out of 10 of the reported auctions in the inner west sold under the hammer last weekend.

It's a far cry from last June when the Sydney average was 54.5 per cent.

According to Rich Harvey, of Propertybuyer, the market for property under \$1 million is "sizzling".

"Buyers are frantically chasing properties with little regard of comparative values," Mr Harvey said.

Although the improving market is encouraging many sellers to put their homes on the market – APM says there were more auction listings and sales than ever before in June – it's not the case in many suburbs.

Belle Property Surry Hills principal Charles Touma said listings were down by more than half in his area and he agreed with Mr Harvey's assessment.

"There's a lot of panic buying going on," Mr Touma said. "There's a real fear that the market is going to continue rising and they are going to miss out.

"And you have to be aggressive because there aren't a lot of properties to fall back on: the low stock and low interest rates are all contributing to this."

Making matters worse was the high number of investors.

"A few years ago there were very few but now they're back and it's fair comment – people are fearful," Mr Touma said. "Investors are pushing up the prices and they're obviously pushing up the owner occupiers."

He said that among his agency's best sales in June was a two-bedroom warehouse conversion apartment at 208/188 Chalmers Street, Surry Hills, which had more than 200 inspections in three weeks and sold prior to auction for \$885,000. Off the back of that, Belle sold 510/188 Chalmers Street, Surry Hills for \$835,000.

Mr Harvey said the message for buyers is simple. "It is more crucial than ever to conduct a thorough analysis of property value to avoid the mistake of overpaying," he said.

“Many buyers are catching the FOMO disease - the fear of missing out is clearly driving some buyers to become emotional with the transaction.”

Examples he gave of buyers paying too much included:

- A two-bedroom, two-bathroom apartment with a car spot in Stanmore, which his agency appraised at \$725,000; the vendor expectation was \$750,000 and the property sold for \$795,000.
- A two-bedroom apartment with a car spot in Mosman that had six contracts and four offers after the first open. Two of them were above the asking price and the property sold on the Monday after the first open.
- A two-bedroom apartment with a car spot in Wollstonecraft, with a price guide of more than \$650,000. It had nine registered bidders and the property sold for \$784,000 at auction.
- A two-bedroom apartment with a car spot in Crows Nest that had an auction bidding guide from \$620,000. The agent expected \$680,000 but the property sold for \$740,000.
- A two-bedroom apartment with a car spot in Queenscliff that had a \$650,000-plus price guide. The agent indicated \$700,000 should secure the property but then changed this figure to \$750,000 after the first open where 52 groups inspected the property and 14 contracts were issued. It goes to auction this Saturday.

Mr Harvey said that last year there were typically three or four bidders at auctions in the key Sydney markets. “This year we are seeing around seven to 10 bidders on high quality properties.”

He reports a 20 per cent jump in buyer's agent work in the past six months as a result of increased confidence in the property market.

“We are getting multiple requests from frustrated buyers seeking a leg up with the research and negotiation tactics,” Mr Harvey said.

“They want to find properties before they hit the general market and pay fair market value.”

This story was found at: <http://www.smh.com.au/domain/real-estate-news/buyers-gripped-by-fearofmissingout-disease-20130704-2pd3z.html>