

Buyers shake off interest rate hike

By real estate writer
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THE first interest rate rise in more than a year did little to deter serious homebuyers in Sydney's shaky property market yesterday.

Agents shrugged off last week's 0.25 per cent rise — and Reserve Bank warnings that more may soon follow — reporting only a slight dip in sales.

But experts say further rate hikes this year could trigger a property crash.

Australian Property Monitors recorded an auction clearance rate of 47.8 per cent yesterday, down from 51.8 per cent last Saturday but up from 43.3 per cent from this time in 2003.

These figures are based on very low auction volumes. Agents report that many vendors are withdrawing their homes from auction, fearing a buyer backlash to the rate rise.

Only 127 properties were auctioned yesterday, compared with 223 on the same weekend last year.

BIS Shrapnel director Robert Mellor said the rate rise would not put off serious buyers.

"I don't think a quarter of one per cent makes a huge difference to home buyers, especially upgraders," Mr Mellor said.

"There's no benefit in waiting, because the gap between what they sell and what they buy isn't getting any bigger in this flat market."

Jason Dai, who paid \$1.1 million for an original 1920s brick house at Drummoyne, seemed to sum up the attitude of many.

"There's nothing I can do about interest rates, but it was time for us to buy something bigger because we need the space for my family," Mr Dai said.

But APM director Louis Christopher said the prospect of further interest-rate rises had dampened demand among buyers.

"If we do see another rate rise in the next six months, our forecast is that we could see house prices fall by as much as eight per cent," Mr Christopher said.

"But there are indications that first-home buyer



What rate rise? Cherie Barber and Stephen Tolle bought this Lilyfield home for \$600,000 yesterday *Picture: Angelo Sou*



Gone: It went for \$1.12 million



Popular: A house at Clovelly



Snapped up: 13 Ryan St, Lilyfield

demand is on the rise, because they're taking advantage of stamp-duty exemptions and the first-home owner's grant."

At Lilyfield, Kevin and Meredith Roberts paid \$932,000, \$30,000 above reserve, for a three-bedroom house in Ryan St to accommodate their growing family.

"If interest rates weren't

going up, we probably could have afforded a bit more," Mr Roberts said.

"We're going to have to pull our belts in very tight to cover this one."

Eastern suburbs agents said the rise had not affected buyer confidence.

A three-bedroom Clovelly townhouse sold for \$920,000, \$20,000 above its reserve.

Matt Lahood, of McGrath Partners, said: "Most buyers have already factored in the rises, and I haven't seen it affect any of my auctions."

"I've had spirited bidding and good results."

Across the harbour, on the northern beaches, auctions were a little less spirited. At Manly, a Victorian semi failed to attract a sin-

gle bid and was passed after a vendor's bid of \$930,000 was placed.

Agent James Economou of Elders, blamed the property's condition rather than the rate rise.

"It was an older house and it needed some work done," he said.

"That could have been why people hesitated."