

buyers and sellers alike. Accordingly, the auction clearance rate — including properties withdrawn — plummeted to a 10-year low of 43 per cent this month (see table right).

And the demise of the Henry Kaye empire last month added to the woe. As the new year looms, property experts are divided in their predictions of what direction the market will take, as *Real Estate* found when it asked four of Sydney's top property analysts to look into the crystal ball. Below is what they had to say about 2004.



Unit	House	Unit	House	Unit	House	Unit	House
May 5	160	114	68%	April 7	501	342	65%
House	58	44	76%	Unit	149	105	65%
March 3	261	172	62%	House	92	58	60%
Unit	81	55	64%	House	13	7	54%
February 3	11	6	50%	Unit	15	7	44%
House				House			
January 20				Unit			

Source: Home Price Guide, www.homepriceguide.com.au

JOHN EDWARDS
Managing director, Residex



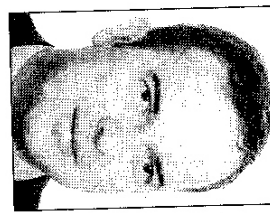
Market Forecast: "I think we have seen the property market at its lowest period and we are only going to see it improve in 2004. The first six months will be steady but the latter half of the year will see prices growing again. Overall, I think there will be about 6 to 7 per cent annual house price growth. The market that worries me the most is the unit market because there has been an oversupply of stock."

Interest rates: "Given the exchange rate, I don't think there will be anything more than a 0.25 per cent rise mid-year. If that happens, it will only have a minimal effect and investors would be the hardest hit."

Auction clearance rates: "I don't think the auction clearance rates are worrying at all. At the end of housing cycles, and coming into Christmas, you are always going to see clearance rates at around 50 per cent, especially off the back of two interest rate rises. I think that they will stay at this level in January and in winter, but as we move into the better selling period of spring, the rate should jump to the mid-60s and 70s."

Advice to buyers and sellers: "If you need to sell, off-load as soon as possible, but if you have the luxury to choose when you will sell, early winter is best because there's not as much stock on offer."

JOHN WAKEFIELD
Managing director, CPM Research



Market Forecast: "In the last few weeks, the market has reached a turning point. The rate of house price growth has dropped from 27 per cent in August 2002 to less than 5 per cent now — around the same price as inflation. In 2004, prices are going to drop — it's just how far and how fast. I don't expect any annual growth next year, only a decline, driven by an oversupply of stock that has languished on the market after failing to sell at auction."

Interest rates: "My feeling is the two recent rate rises have had their desired effect on the property market, but the impact on consumer spending is strong this Christmas. I would expect two further 0.25 per cent rises by the first half of next year, which will reinforce the downward turn in the property market."

Auction clearance rates: "I expect the auction clearance rate will go up to about 65 to 70 per cent because reserve prices will go down."

Advice to buyers and sellers: "Sell early in the year if you are planning to off-load your property and even drop your price a little because prices are only going to plateau or drop. Buyers should be very cautious in the early part of the year and wait until March to reassess where the market is at. My prediction is they will get a better buy if they wait."

LOUIS CHRISTOPHER
Research director, Home Price Guide



Market forecast: "It will be a slower market, no doubt about it — it's just whether it will be a soft or hard landing. The housing bubble has started to deflate, which was necessary because in our experience, the bigger the bubble, the harder they fall."

Interest rates: "I don't think they will lift rates in February or March — but that is the million-dollar question. I suspect if the property market shows signs of lifting again, then the RBA will increase rates. If they go up by 0.25 per cent in March or April, then our tip is the housing market will be flat in 2004 with no price increases. If rates go up by more than 0.25 per cent, then I would expect even more of a correction or downturn to occur."

Auction clearance rates: "In early 2004, I would expect them to lift. Traditionally, they lift in the beginning of the year because there is less stock and more buyers but we do expect them to be lower than the beginning of 2003."

Advice to buyers and sellers: "It is a buyers' market because there is more choice. But buyers should be aware that prices could fall even further, and they should prepare for possible further interest rate rises. Sellers with short to medium plans could see real pricing problems and should hold off."

ROWEN KELLY
President, Real Estate Institute of NSW



Market forecast: "There will be a rekindling of interest in the housing market in the first half of next year. After the holidays, buyers will have adjusted to the two interest-rate rises. I think we will see a stronger market because there is an ever-increasing population in Sydney and, on top of that, more and more people are looking at property as an adjunct to superannuation."

Interest rates: "I don't think there will be any more rises in the first half of next year and possibly even over the whole year. There could be a 0.25 per cent change, either way, but it would have a very minimal effect."

Auction clearance rates: "Every man and his dog has been putting his property on the market in 2003. I think in 2004, agents will be more selective about which properties they recommend to go to auction. I think the auction clearance rate will stay about the same. More properties will sell before and after auction."

Advice to buyers and sellers: "In 2004, they should stop around for bargains. They should also ensure their finances are in order. In February and March a lot of properties are on the market so it is a good time to buy and there's lots of choice. Sellers must be realistic about the price they ask and remember not to be too greedy or they may miss out on a deal."