

What's happening in real estate now?

The growth in property prices since October 2020 was unpredicted, exceptional and unsustainable. A natural correction is now occurring.



Melbourne's property market was down 0.5 per cent for the quarter, and the RBA increased interest rates for the first time in more than a decade. With concern around interest rates plus an increase in the number of houses listed for sale, the heat and urgency of 2021 has definitely come out of the property market.

It is a time, however, for perspective. A drop of 0.2 per cent in sales for Melbourne in April is not a disaster against the background of 30-40 per cent price increases over the past 18 months. Yes, more houses will be for sale, vendors will need to adjust their expectations and days on market will lengthen, but we are returning to a more normal and honest market where only genuine vendors and genuine buyers will transact.

That's a reset that has been inevitable and

overdue. Quality property will continue to transact, and those buying and selling in the same market will be unaffected.

House prices are still higher than they were 12 months ago, and the Mornington Peninsula historically has a tighter supply and demand ratio that protects it somewhat. Last year vendors preferred to buy before selling, but increasingly they now want to sell first.

One thing is certain – if your 'perfect' dream house comes on the market, being ready to act with pre-approved finance is important to compete with the cashed-up buyers still in the market.

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