



TIPS

The Investment Property Strategists

Cheaper suburbs push house prices up.

July 29th, 2010

SYDNEY and Melbourne led a June quarter national housing market shift in which prices in the less affluent suburbs did better than the luxury end of the market.

With interest rates now expected to be on hold until next year, yesterday's release of the Australian Property Monitors house price report was more good news for a Federal Government fearing a voter backlash from homeowners faced with rising mortgage charges and falling home values in poor suburbs.

The APM survey found that, although national house price growth slowed to 2.4 per cent during the quarter, less affluent suburbs, including Sydney's long-troubled greater west market, were among the best performers, The Australian reported.

In Sydney, the median unit price rose 2.8 per cent to \$435,996, and the median house price increased 2.3 per cent to \$625,488

It was the fifth consecutive quarter of price rises for Sydney, with some of the largest increases recorded in the city's southwest, south and west.

According to the survey, unit prices in and around the Liverpool region rose 4.3 per cent for the quarter. Sutherland Shire unit prices rose 3.2 per cent, while prices in the western suburbs increased by 1.6 per cent.

APM economist Matthew Bell said the median unit price in the west, after falling below \$280,000 at the start of 2007, had now returned to the mid-2004 peak of about \$315,000.

"We have seen a return to the less expensive end of the market outperforming the top end in all major housing markets with the exception of Brisbane," he said.

Mr Bell said that, after six near-consecutive interest rate rises to May, the result might have come as a surprise to commentators.

He said the poor showing by expensive suburbs was likely to be due to a combination of strong price increases over the previous four quarters and a relatively weak sharemarket in the June quarter.

Although new figures to be jointly released by RP Data and Rismark are expected to show prices fell in June, the APM survey, which averages prices over the June quarter, found an Australia-wide increase of 2.4 per cent for both houses and units, and annual price growth of 15.6 per cent.

Melbourne had the largest quarterly increase of 4.4 per cent for houses and 3.8 per cent for units.