



TIPS

The Investment Property Strategists

Outer suburbs stay "hot" in a cooling market.

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Dandenong, Rosebud and Broadmeadows trumped Melbourne's leafy eastern suburbs to record strong price growth amid signs the unseasonably hot auction market was slowing. Top-end suburbs experienced negative growth but overall Melbourne's median house price still grew by 8.5 per cent between April and June.

Quarterly figures released by the Real Estate Institute of Victoria show the median price in South Yarra fell 26.4 per cent to \$1,287,500, down from \$1,750,000 in March. But the median price in multicultural Dandenong was up 31.5 per cent, Rosebud 18 per cent and Broadmeadows by 16.4 per cent.

The property market traditionally slows in winter, but the median house price was \$559,000 in the June quarter, 26.8 per cent higher than this time last year.

"We have had four successive rate rises this year. It really has put a lid on things. We're just back to a normal market," director of Marshall White John Bongiorno said.

Of the top 20 growth suburbs all but three were in the middle and outer suburbs of Melbourne and included Croydon, Mount Eliza, Greenvale, South Morang, Sunshine West, Werribee and St Albans; with the popular inner suburbs of Footscray, Coburg and Yarraville were among the top 20.

The strong demand in Melbourne's middle and outer suburbs has contributed to worsening housing affordability and is likely to intensify focus on the issue before a federal and state election.

REIV chief executive Enzo Raimondo said the auction results reflected the state's increasing population and stronger economy. "Increased housing prices, rents and interest rates are contributing to worsening affordability," Mr Raimondo said.

Housing Industry Association Victorian executive director Gil King said the results from the past few months in the property market were unsustainable in terms of growth, clearance rates and listings.

"The market has certainly dampened a little, however, it is still a good time to be active with good results possible for both buyer and vendor," Mr King said.

Melbourne's outer-urban fringes were becoming less affordable because of a contraction in the amount of land available and as a result it was more attractive to buy in existing suburbs once prospective buyers factored in travel and transport costs, Mr King said.

This, in turn, put pressure on the more affordable middle and outer suburbs.

"The existing home market will always have buoyancy while there is a squeeze on new home construction caused by lack of land supply and decreased new home affordability," he said.

The median price of units and apartments was up by 4.7 per cent.

Carlton, Ascot Vale, Malvern East, Northcote and Footscray had the largest increases.

Note: The REIV collects nearly all auction results and about half of private sales results from agents, giving it data on about 70 per cent of property transactions.

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