



# Life on fringe stirs first home buyers

THE OUTER LIMITS ARE LURING FIRST-TIMERS BACK TO THE MARKET.

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**SPOTLIGHT**  
ANDREW WILSON



Lower prices in Melbourne's fringe are encouraging first home buyers to tentatively re-enter the residential property market. New Australian Bureau of Statistics data reveals the number of home loans approved for first home buyers in Victoria rose 9.6 per cent over the second half of 2011, while the number of first home owner loans approved in January rose 14.5 per cent compared to January last year. These overall statistics include first home buyers of both new and established homes.

Although these are significant

increases, it is important to note that the number of first buyer home loans has been close to historic lows and that the proportion of first home buyer loans remained at 17.4 per cent of all owner-

occupier loans in January, well below the long-term average of 22 per cent.

The good news for first home buyers, however, is that the average value of first home buyer home loans — now about \$280,000 — has remained virtually flat in Melbourne for the past two years. This means that, thanks to last year's house price softening, first home buyers are still

typically paying between \$320,000 and \$350,000, amounts similar to those being paid in 2010.

The most popular suburbs — those on the fringe areas where the most sales occurred in the last six months of 2011 — with median house prices under \$360,000 include Pakenham, Frankston, Sunbury, Craigieburn, Hoppers Crossing, Tarneit and Werribee.

and Werribee.

Apartments are also an option for buyers at the lower end of the market, with Reservoir, Croydon, Footscray, Noble Park and Frankston being the most

popular suburbs, recording median unit prices under \$350,000 in the last six months of 2011.

The lower prices, lack of buyer competition in the market and the fact that first home buyers, unlike the majority of Melbourne buyers, are not relying on selling a property to buy a new one, are encouraging a modest re-emergence of first home buyers.

Dr Andrew Wilson is a senior economist for Australian Property Monitors.





**Property prices for houses and units\***  
Hoppers Crossing 3029

**HOUSES**

	Hoppers Crossing	LGA** Wyndham
Median prices	\$329,000	\$350,000
Long-term trend	7.9%	8.6%
Auction clearance rates	42.9%	43%
Days on market	88 days	90 days
Discounting	6.6%	6.7%

**UNITS**

	Hoppers Crossing	LGA Wyndham
Median prices	\$285,000	\$292,000
Long-term trend	7.5%	7.3%
Auction clearance rates	SNR***	SNR
Days on market	73 days	83 days
Discounting	SNR	5.2%



\*Prices 12 months to Dec 2011 (based on sales reported to APM)  
\*\*LGA = local government areas  
\*\*\*SNR = statistically not reliable

SOURCE: HOMEPRICEGUIDE.COM.AU

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■ First home buyers still look to Melbourne's fringes and, although construction has slowed significantly in the past six months, there is a wide choice of property.

■ Though inner-city apartment prices are typically above what most first home buyers pay for property, a record number of unit developments approved in Melbourne in the past 18 months could result in greater numbers of first home buyers entering this market.

■ While incentives such as stamp duty savings for first home buyers (currently 20 per cent and to rise to 50 per cent by September 2014) are playing a role, it is the affordability of property that is leading to the slight recovery in this market.