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# Housing market subdued but stable

**ANDREW WILSON**

MELBOURNE'S housing market has been subdued this year with relatively low levels of buyer activity reflecting an apparent disconnection between buyer and seller price expectations.

Despite generally quiet market conditions, price growth for both houses and units has remained reasonably stable. Latest Australian Property Monitors data has revealed that the stratified median house price in Melbourne rose by 0.9 per cent over the May quarter 2011. This followed a 1.1 per cent rise in house prices over the April quarter 2011. Melbourne's median house price now stands at \$558,525 but is still 1.4 per cent below the \$566,313 recorded over the May quarter 2010.

The stratified median price for units also rose over the May quarter 2011 by 1.9 per cent to \$398,397. The median price for Melbourne units has however fallen by 1.6 per cent compared with May 2010. Although median house and unit prices have risen over the May quarter, the housing market remains relatively restrained with the average days that properties are on the market, average discount rate and number of properties for sale all noticeably higher than at the same time last year. Auction clearance rates have, however, stabilised around levels consistent with the normally quiet winter selling season.

The prospect remains for increased buyer activity towards spring although price growth, if there is any, should remain modest.

Dr Andrew Wilson is senior economist for Fairfax Media-owned Australian Property Monitors.