



REAL ESTATE *'Buyers are setting a price that is manageable and sticking to it'*

# Rich pickings for the canny as city prices soften

**SIMON JOHANSON** PROPERTY EDITOR

**THESE four homes in Northcote, Richmond, Brighton and Elsternwick tell the story of Melbourne's softening housing market.**

The volatility and economic gloom overshadowing sharemarkets has also been reflected in property, particularly in more expensive suburbs closer to the city.

Three years ago, the value of inner-eastern areas rose more quickly than the rest of Melbourne, now data providers are tracking sharper price falls in those suburbs.

A house in Orrong Road, Elsternwick, sold at auction last weekend for \$1.14 million, exactly \$123,000 less than it sold for two years previously near the top of the market boom.

The freestanding home with stone kitchen benchtops, marble bathroom and four bedrooms was renovated and subdivided before being bought by a young professional couple.

"Buyers aren't really pushing themselves," Bill Stavakis from Biggin & Scott said. He said buyers are setting a price that is manageable and in most instances sticking to it.

Across town in Clarke Street, Northcote, a single-fronted Victorian bought by another couple this May for \$880,000 was sold in late 2009 for \$916,000.

And it wasn't alone. In Richmond, a two-bedroom semi-detached house in Bennett

Street sold in August for \$710,000, making a small 1.4 per cent gain for the owner who bought it near the peak of the market in December 2009.

But softening prices should be seen in the context of the previous boom, Australian Property Monitors general manager Anthony Ishac said.

"Over the 12 months to June 2011, Melbourne has only come off 2.7 per cent in value after rising almost 28 per cent in the 18 months to June 2010."

Stable interest rates, and the potential for a cut in November, were a bonus for people with mortgages and first home buyers, he said.

Over the river, some sellers have also been finding it tough.

A well-situated house near the beach in St Ninians Road, Brighton, sold in May for a \$500,000 discount on its 2009 sale price of \$8 million.

Median values in nearly all of Melbourne's million-dollar suburbs have slipped from their 2010 highs.

Brighton's median house price peaked at just over \$1.9 million early in 2010, and has since receded by 18 per cent to \$1.6 million in the three months to August, Real Estate Institute of Victoria figures show.

Alarm bells have sounded over a sharp rise in homes for sale this spring. Driven, in part, by a flood of new apartments, stock levels have risen 65 per cent on the same time last year.

"It represents what I now

regard as a massive oversupply situation for the city and I believe it will translate to further house price falls from here,"

**▲ Values in nearly all the million-dollar suburbs have slipped. ▼**

SQM Research's Louis Christopher said.

But buyers were benefiting from heavy discounting as Australia's major banks fight for a dwindling share of borrowers, a JPMorgan and Fujitsu Australia mortgage report released this week found.

"It's pretty good at the moment if you need to move [lenders], however be careful as there are various costs involved," Fujitsu director Martin North said.

Delinquencies — borrowers missing mortgage payments — continue to grow but were showing signs of stabilising.

And housing affordability had improved slightly, but a combination of mildly restrictive interest rates and higher costs of living were putting pressure on households, the report said.

Melbourne's spring market faces its first real test on October 22 when 850 homes go to auction.

**BUSINESSDAY**

► Outlook bright but risky **PAGE 3**



## SALES SLIDE

**ORRONG ROAD, ELSTERNWICK**

Sold October 2, 2011 **\$1.14m**

Sold October 21, 2009 **\$1.26m**

4 2 2

**FEATURES** barbecue, courtyard, ensuite, fireplace, spa, study, walk-in wardrobe

**CLARKE STREET, NORTHCOTE**

Sold May 28, 2011 **\$880,000**

Sold December 19, 2009 **\$916,000**

2 1 1

**FEATURES** Air conditioning, fireplace, polished timber floors

**ST NINIANS ROAD, BRIGHTON**

Sold May 19, 2011 **\$7.5m**

November 1, 2009 **\$8m**

5 4 4

**FEATURES:** Air conditioning, alarm, balcony, ensuite, fireplace, ocean view, spa, study, walk-in wardrobe

**BENNETT STREET, RICHMOND**

Sold August 13, 2011 **\$710,000**

Sold June 5, 2009 **\$700,000**

2 1 1

**FEATURES** Alarm, renovated, courtyard, fireplace, spa