

VIC

Fast movers

The sales sector in Victoria is continuing to grow, but may be losing momentum

● **THE MELBOURNE MARKET** put in an impressive performance over the past year but value growth eased in the most recent quarter.

According to Australian Property Monitors, median house prices in Melbourne rose by 11.7 per cent in the year to March 2014, while unit prices climbed by 5.4 per cent.

However, RP Data-Rismark reports growth softened in April, as values fell 0.5 per cent. The company's head of research, Tim Lawless, warns Melbourne may be reaching its peak, citing lower auction clearance rate as a concerning indicator.

Nonetheless, investors in Melbourne seem confident that

opportunities remain. An RP Data survey showed 69 per cent of Melburnians believe "now is a good time to buy".

Chris Knight from Opteon Victoria believes this consumer optimism, coupled with low interest rates and increased self-managed super fund (SMSF) investment, may be buoying the market. He expects price growth to become more consistent in 2014 after two years of variable growth.

Within Melbourne, blue-chip suburbs attracted the most online interest amongst buyers and tenants. An analysis by realestateVIEW.com shows prestige areas like St Kilda, Richmond, South Yarra and Brighton generate the most online searches from people interested in buying or renting.

However, actual sales turnover is highest in the outer suburbs, a Bank of Queensland report shows.

Fast 5 hotspots

HOUSES

Suburb	Median price	12-month growth	Average annual growth
Docklands	\$572,373	35%	-5.1%
Princes Hill	\$1,242,500	34%	6.7%
Edenhope	\$153,000	33%	23.1%
Glen Huntly	\$955,000	32%	9.7%
Sunderland Bay	\$324,500	32%	7.8%

UNITS

Suburb	Median price	12-month growth	Average annual growth
Gardenvale	\$500,500	46%	9.4%
Whealers Hill	\$550,000	31%	9.2%
Colac	\$240,000	31%	6.3%
Chirnside Park	\$436,000	27%	14.0%
Drouin	\$230,000	26%	5.8%

*Fastest growing suburbs based on 12-month growth rate

Melbourne property wrap

	HOUSES	UNITS
Median price	\$522,500	\$438,000
Quarterly growth	-4.13%	-4.78%
Annual growth	8.33%	4.08%
Avg. annual growth	6.47%	4.97%
Median weekly rent	\$375	\$360
Gross rental yield	3.73%	4.27%
Median days on market	42	49

Unaffordable prices in desirable inner areas may be pushing buyers outwards. The report shows the Casey council region in the far east of the city had the highest number of sales in the past year, followed by Greater Geelong and the Mornington Peninsula.

In regional areas, Victoria offers some of the country's best budget properties. A study by RP Data shows the state has four of the country's 10 most affordable regional areas. In Morwell, for example, in the Gippsland region, the median house price is just \$168,401. The towns of Moe, Stawell and Ararat also ranked among the cheapest areas to buy.

Buyers in country Victoria seem to feel largely positive about the current market. The RP Data sentiment survey shows 79 per cent of regional Victorians believe now is a good time to buy, and 72 per cent believe it is a good time to sell.

Vacancies in the Melbourne central business district are as high as

4.7%

In focus: Glen Huntly

● **GLEN HUNTLY** is a tiny suburb in Melbourne, sandwiched between its larger neighbours Caulfield South and Carnegie. The suburb is approximately 11 kilometres from the CBD and has a population of approximately 4,700 residents as at the last census. The suburb is densely populated given it is only two square kilometres in size.

The suburb is well serviced by public transport, which includes the Glen Huntly railway station and the route 67 trams along Glen Huntly Road.

While small, Glen Huntly offers everything the locals need to live a comfortable existence. The main shopping strip on Glen Huntly Road has a wide variety of shops, restaurants and cafés and includes a large supermarket. As such, the suburb appeals to singles, couples and families, with the median age at 31 years.

The residents tend to be house proud and there are many beautiful tree-lined streets with well-kept houses competing for attention. There are some pockets where older homes have been demolished to make way for new and very attractive townhouse developments.

The suburb offers a mix of housing from brick veneer apartment blocks and new townhouses, to older weatherboard and heritage homes

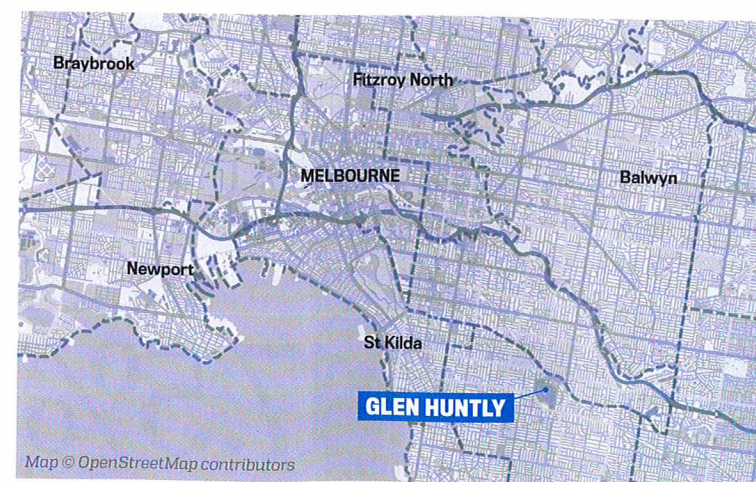
in the Spanish mission, Californian bungalow and English domestic styles.

To the east of the railway station you will see variation in property types among narrow streets. In very close proximity to the station there are many tired looking 1950s to 1970s apartment blocks. Move further east and you start to see fewer apartment blocks and more houses, and further away again, no apartments at all, only large period homes.

To the west of the railway station are much wider streets, larger blocks and magnificent period homes.

Providing you buy the right property in Glen Huntly, you could do quite well from an investment perspective in years to come. If you are inclined towards developing, then the older brick veneer homes, or very tired weatherboards on larger blocks are the way to go, starting at around \$900,000.

Otherwise you can purchase an older one-bedroom apartment from \$270,000 with a car space, which should yield a four per cent return on investment. Make sure it's in a small block and that you can add value via cosmetic renovation to ensure equity growth. With an affordable entry point, your chances for growth are good given the suburb's appeal and amenity.



Map © OpenStreetMap contributors

GLEN HUNTLY BY NUMBERS

Median house price

\$955,000

Quarterly growth

1%

12-month growth

32%

Average annual growth

9.7%



Miriam Sandkuhler, director, Property Mavens

Top yields

● **THE MELBOURNE RENTAL** market is seeing conditions improve, though the CBD remains a danger zone.

Research from SQM Research shows vacancy rates in Melbourne are down to their lowest level since September 2010. In April, only 2.1 per cent of rentals were available, marking a 0.3 per cent drop for the month.

As a result, asking rents are on the rise, particularly for multi-unit dwellings. Over the past year, house rents have climbed by 0.8 per cent while unit rents are up 3.7 per cent.

However, Louis Christopher from SQM Research warns the CBD areas remain concerning for landlords. In Melbourne city, vacancies are at 4.7 per cent while the Docklands area is at 4.5 per cent.

In addition, Tim Lawless from RP Data warns rental growth has not kept pace with the sales sector. As prices leap ahead of rents, yields have been whittled down. Currently, RP Data reports Melbourne has the lowest rental yields of any capital city.

Mr Lawless warns falling yields may deter investors in the Melbourne market, leading to a softening across both rentals and sales.

The regional market in Victoria remains fairly strong, according to data from SQM Research. The Gippsland region has current vacancies of 2.8 per cent, while western and northern Victoria are both at 2.2 per cent.

HOUSES

Suburb	Yield
Venus Bay	19.1%
Ouyen	12.5%
Dimboola	9.4%
Merbein	8.2%
Mortlake	8.1%

UNITS

Suburb	Yield
Hamilton	13.2%
Macleod	12.3%
Alfredton	7.5%
Spring Gully	6.6%
Mildura	6.5%

Source: All data provided by RP Data