

Market cools at the top end

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Whether it's the impact of interest rate rises, high stock levels or a last-minute rush for Mother's Day presents, Melbourne's property market cooled slightly over the weekend.

Easter aside, this weekend's auctions produced the year's lowest clearance rate so far of 78 per cent.

There were 841 auctions reported; higher than last week's 812, which produced a clearance rate of 80 per cent.

But according to agents, such as Noel Jones group chairman Adrian Jones, it's a small blip in an otherwise healthy market.

He said there was still a lot of competition among buyers for "the right properties", such as a Nunawading home which broke the suburb's price record.

There were six bidders for the four-bedroom house at 6 Patterson Street, which sold for \$1,107,500, about \$100,000 over reserve.

Advantage Property Consulting's Frank Valentic said he noticed "the tide turning" with upper-end property during the weekend.

"I think the stockmarket jitters and the situation in Greece during the week really spooked some of the \$1 million to \$2 million buyers." He said there were auctions with very few or no bids in the upper market range and according to the Real Estate Institute of Victoria, the clearance rate for properties over \$1 million was 65 per cent.

A house at 172 Kooyong Road, Toorak, was passed in at \$7.5 million. Both 5 Merriwee Crescent and 7 Power Avenue also passed in around the \$3.5 million mark.

However, the apartment block at 1-6/5 Te-Arai Avenue in St Kilda East sold for \$3,205,000, well above its \$2.5 million reserve, which Mr Valentic said reflected the fact developers were "starved of good quality development sites".

He also said while the 78 per cent clearance rate was still satisfactory, the interest rate rises were likely to knock some first home buyers out of the market.

However, JPP Buyer Advocate Catherine Cashmore said interest rate rises were not going to have a major effect on the overall strength of the market, which was fuelled by a supply-and-demand problem.

She believes the market will remain strong for the next five years "until the infrastructure problem starts to catch up".

"The trouble with real estate is we look at things through a microscope, so we look at moments in time rather than pulling back and looking at the whole picture."

Mr Jones also said the weekend's lower clearance rate was due to a combination of buyers becoming more realistic, realising there are probably more rate rises in the wind and that there was more stock on the market.

"There's going to be a few thousand auctions in the next few weeks. At this time of the year that's amazing."

- Easter aside, the clearance rate was the year's lowest so far at 78 per cent.
- Buyer's advocate tips enduring strength until supply-demand issues are resolved.
- Record sale of \$1,107,500 in Nunawading.

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