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Race is on to secure top quality

SKITTISH BUYERS ARE CHASING THE PROPERTIES THAT TICK ALL THE BOXES.

A collective sigh of relief was heard across the market this week as the Reserve Bank of Australia chose to hold off on another interest rate rise. It's the second month in a row the RBA has chosen to keep the cash rate at 4.5 per cent, giving the market its first real breather after six near-sequential rises from a 49-year low of 3 per cent in September.



PICTURE: KEN IRWIN

Of course, the decision to "hold" was more about global financial conditions, inflation and other economic factors than giving home owners and would-be home buyers a break, but it's good news nonetheless for punters and the property market.

Conditions have been notably patchy lately, with buyers free to pick and choose among a wealth of stock—and many are taking their time about it and driving hard bargains to boot.

While buyers are still clearly out there in the market— yesterday saw 68 per cent of the 516 properties up for auction sell, according to the Real Estate Institute of Victoria— it's much softer and far less consistent than it could be.

A case in point is the two-bedroom unit at 4/40 Millswyn Street in South Yarra that sold yesterday to an investor for \$790,000—\$20,000 less than a comparable apartment in the same building went for in March.

"That's the upshot [for buyers], the end product of what the market has done," said Woodards CEO John Piccolo. "What it demonstrates is that people are a bit more budget-conscious, they're not spending their money or borrowing more as freely as they were."

The one defining characteristic of the market right now seems to be what analysts call a "flight to quality".

Skittish buyers seem to be only actively going after well-located top-quality properties, ignoring anything that doesn't tick all the boxes or seems over-priced.

Generally speaking, the lower end (sub \$600,000) seems to be performing better than the top end, but it's difficult to pinpoint one particular part of the city where it's consistently the case.

Even "popular" inner and middle suburbs are now seeing a fair share of lacklustre auctions ending in pass-ins and near or below reserve sales.

While the interest rate reprieve may only be short-lived, it's just as well the RBA decided to hold off. The market is still finding its feet in the awkward transition from the pre-Anzac Day boom conditions to the more uncertain future.

It can take months for the effect of a rate rise to spread through the property market. Another rise in June or July would have only served to shake confidence even further.

In yesterday's auction market, much of the heat seemed to be focused on the apartment sector, particularly in the under-\$500,000 range.

A first home buyer beat four other bidders to take 3/21 Holloway Street in Ormond, a two-bedroom unit in a 1970s-era block that sold for \$471,000. Biggin & Scott, who quoted the property at \$380,000 to \$400,000, said it was on the market at \$420,000.

Out in Boronia, a vendor bid at \$250,000 kicked off an auction that ended up seeing three genuine bidders push the sale price of the two-bedroom villa unit at 1/200 Scoresby Road to \$328,000. Advantage Property Consulting said it was declared on the market at \$285,000.

Two bidders pushed the sale price of 11/44 Darling Street in South Yarra just over the line, with the two-storey, twobedroom unit selling for \$517,500. It was quoted at \$500,000 plus.

"Six months ago that would have had a lot of competition but there were only two bidders," said Bruce Renowden of Renowden Buyers Advocates. "The [auctioneer] went in and referred to the owner and they came out but didn't get any more."

In West Footscray, four bidders used 40 bids at the auction of 3 Palmerston Street, which was declared on the market at \$500,000 but sold for \$565,000. JasH Stephens quoted the property at \$450,000 to \$490,000.

A genuine bidder secured the right of first negotiation for 5/491 St Kilda Street in Elwood by putting their hand up at \$590,000, which followed two vendor bids at \$570,000 and \$580,000. Quoted at \$590,000 to \$649,000, the property sold for \$606,000, according to JPP Buyer Advocates.

There are 590 auctions scheduled next weekend.