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CHRIS VEDELAGO Call Market Wrap with your auction results, tips and comments on 8667 2647 between 3pm and 6pm on Saturday. cvedelago@theage.com.au

Lowering expectations may pay off for vendors

Across the city, there has been a sharp fall in attendance at inspections.

RIGHT from the start of 2010, it was pretty clear that something remarkable was about to happen in Melbourne's property market.

No sooner had the Christmas holidays passed than would-be buyers were back in the market in force, swamping open-for-inspections and snapping up what few properties were available so early in the year.

Back then, Market Wrap reported that home hunters were having to queue just to get into the opens, with many properties netting dozens of people passing through in a matter of minutes.

It's worth remembering because these early signs of pent-up demand foreshadowed the recordsetting market conditions that quickly followed auctions with a half-dozen bidders, a sky-high clearance rate and soaring prices.

These strong conditions, in turn, encouraged Melburnians to put their properties up for sale, creating the flood of stock we've seen in the past couple of months.

With Melbourne's property market now slowing — the clearance rate has fallen from 87 per cent in late March to 69 per cent last weekend — it's worth once again looking at open-for-inspection activity for a glimpse of what's to come.

Across the city, agents and buyers' advocates have recently begun reporting a sharp fall in attendance at inspections, which are typically staged a couple of times a week during a standard four-to-six-week advertising campaign.

The numbers are particularly low at properties where vendors haven't yet adjusted to the change in market conditions — if the price is too high, people are staying away.

Fortunately, for buyers at least, that will put vendors under serious pressure to lower their expectations, consider pre-auction offers and, increasingly, accept prices below their reserve to ensure a sale.

Unfortunately, it also means that underquoting will remain as much of a problem as ever as vendors scramble to capture the attention of newly empowered but increasingly fickle buyers.

Activity dropped yesterday. The Real Estate Institute of Victoria said 23 per cent of the 249 properties up for auction did not sell.

In South Yarra, the double-fronted Victorian at 122-126 Walsh Street opened and was passed in on a vendor bid of \$4.5 million. The reserve is reportedly \$5 million.

"I think vendors have got to be mindful that the market has fallen back a little and be less ambitious than they were a couple of months ago," said buyers' advocate Michael Ramsay.

The four-bedroom family house at 2 Willurah Street, Forest Hill, attracted one vendor bid at \$550,000 and a single genuine bid at \$570,000 before passing in, according to buyers' advocate Bruce Renowden. The property is now up for private sale at \$640,000 to \$660,000 through Ray White.

In stark contrast, the one-bedroom apartment at 6/18 Kelso Street, Richmond, attracted four bidders and sold under the hammer for \$331,000. Biggin & Scott declared it on the market at \$330,000.

Four bidders also competed for the double-fronted Victorian at 173 Coppin Street, which opened at \$850,000 and rose to \$1,026,000 before being passed in. Biggin & Scott sold the four-bedroom house later for \$1.05 million. The reserve was \$1.07 million.

A below-reserve sale was also negotiated for 13/59 Stawell Street, Richmond. Quoted at \$600,000 to \$650,000, the two-bedroom apartment passed in on a genuine bid at \$685,000. JPP Buyer Advocates said the reserve was \$720,000 but the property was picked up for \$697,000.

There are 1000 auctions scheduled for next weekend, which is the highest stock level ever seen for a winter weekend.

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