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MARKET WRAP

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HOUSING STOCK IS NOW PLENTIFUL – AND MUCH MORE AFFORDABLE.

Supply surges as demand weakens

There have been bigger auction days this year but none has been as closely watched as yesterday. A staggering 885 properties were up for sale, the highest stock level ever recorded for a winter weekend.

With the wealth of choice for buyers, the clearance rate, unsurprisingly, took a hit. The Real Estate Institute of Victoria reports that 67 per cent of properties sold. That's the lowest it's been in about 18 months.

It will likely go even lower after the REIV tracks down the results of the 100 auctions yet to be reported by agents.

But, putting this performance in perspective, stock levels are nearly double what they were for the same time in 2008, when the clearance rate was 62 per cent, and in 2009, when it was 86 per cent.

Still, even accounting for the huge supply, there's no doubt that the market has shifted strongly in favour of buyers.

Properties are now routinely selling for prices that are close to quoted ranges or only slightly above the vendors' reserves, which stands in stark contrast to conditions even as little as a month ago. A few lucky buyers are even starting to pick up properties for below reserves.

Reports from the coalface suggest that buyers are still coming out in force for high-quality properties but second-tier or over-priced stock is simply being ignored.

In the CBD, a two-bedroom "New York"-style apartment sold for \$100,000 above its reserve, thanks to six bidders. Castran Gilbert said 24/7 Drevery Lane, which includes a car park, sold under the hammer for \$670,000 before a crowd of more than 100 people.

Two developers used a flurry of \$500 and \$1000 bids to push the sale price of 1 Wreford Road in Blackburn South to \$958,000 after it was declared on the market at \$900,000. Ray White said that

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PICTURE: GARY MEDICOTT

the 1960s five-bedroom house on a 1030-square-metre allotment will likely be demolished to make way for a town-house development.

An investor bought the two-bedroom unit at 8/34 Hyde Street in Seddon, paying \$352,000 to beat two other bidders. Barry Plant said the reserve was \$340,000.

In St Kilda East, Ray White sold 5/32 Westbury Street for \$404,000 after declaring the one-bedroom unit on the market at \$375,000. Three bidders competed for the property, which had been quoted at \$360,000 to \$390,000.

There were no takers for the brick veneer three-bedroom house at lot 1/3 Ashleigh Court in Cheltenham, which opened and passed in on a vendor bid of

\$485,000. Chilli Realty said the reserve is \$500,000. It was quoted at \$490,000 to \$530,000.

The auction of the double-fronted Victorian at 49 Fitzgerald Street in South Yarra attracted three bidders, who pushed the price of the three-bedroom house up to \$2.41 million before it passed in. The property was reportedly sold later for an undisclosed price. It had been quoted at \$2.3 million to \$2.5 million.

In Prahran, a crowd of more than 150 people watched five bidders compete for 51 Murray Street, a four-bedroom Victorian that opened at \$2.9 million but sold for \$3.74 million. Buyer's advocate Michael Ramsay said it was declared on the market at about \$3.6 million.

Equally strong was the result for 52 Foam Street in Elwood, a modern five-bedroom house that Kay & Burton declared on the market at between \$3.4 million and \$3.5 million.

Six bidders pushed the sale price to \$3.61 million.

But it's also clear that some vendors are yet to adjust to the changing market conditions.

The two-bedroom townhouse at 1A Simmons Street in Box Hill North, quoted at \$500,000 to \$550,000, passed in at \$581,000. The reserve was reportedly \$620,000 but JPP Buyer Advocates bought the property for \$590,000.

There are 880 auctions scheduled next weekend.