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Rise in reports of no-bid auctions

Most vendors seem to be finally getting the message that Melbourne's property market has turned — and not in their favour.



PICTURE: LUIS ENRIQUE ESCUI

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Stock levels are forecast to decline in July, which isn't surprising in the light of growing reports of no-bid auctions and lacklustre sales results, especially for second-tier and lower-quality properties.

There's an average of 570 auctions scheduled for each of the next three weekends, well below the record number of about 800 a week seen in June.

That stock levels have been running so high— especially when they should have been tapering off with the onset of winter — is a sign of just how strong vendor confidence was just a short while ago.

The big question is whether this decline in supply will stabilise or improve the auction clearance rate, which has fallen 22 percentage points from a high of 87 per cent in the past three months.

Historically, a "well balanced" auction market sees a clearance rate of between 65 and 75 per cent.

At that level, vendors can be confident enough about demand and prices to put their properties up for sale. Buyers, on the other hand, are freer to pick and choose from a decent selection of stock and can reasonably expect a fair shake at buying something. In that kind of market, which is the market that Melbourne is now becoming, quality properties will still sell, and sell well.

The Real Estate Institute of Victoria says that 65 per cent of the 773 properties up for auction this week were sold.

In Brunswick, the free-standing Victorian terrace house at 30 Hanover Street opened on a vendor bid of \$550,000 and was then passed in on another vendor bid at \$560,000. The two-bedroom property, which had been quoted at \$550,000 to \$605,000, reportedly had a reserve of \$610,000.

"There's a lot of spectators out there. It's like they don't know what to do," said Jason Wier of buyers' advocates Real Estate Angel. "If no one's bidding, then no one is bidding. If someone bids, they might start. It's a real watching game at the moment."

Later negotiations secured a below reserve sale for 41 Hunter Street in Richmond, which was passed in after a single genuine bid at \$860,000. JPP Buyer Advocates said the vendors were seeking \$950,000 but got \$900,000. The property was quoted at \$850,000-plus.

The single bidder that made a play for 21c Balmoral Avenue in Brunswick secured the right of first negotiation after the two-bedroom brick house passed in on a genuine bid of \$610,000. Quoted at \$600,000 to \$650,000, the property sold through later negotiations for \$640,000.

There were also some stunning results to come through yesterday, reflecting the underlying strength of demand for certain types of property.

The three-hectare block of vacant land at 38 Browns Road in Keilor sold for \$975,000 off a \$500,000 reserve. Caine Real Estate said the property, which can only have a single home under planning rules, attracted eight bidders who used more than 120 bids.

Six bidders drove the sale price of 17 Spring Street in Prahran to \$1.06 million after it was declared on the market at \$910,000, according to VIP Buyers Advocates. The free-standing twobedroom Victorian was quoted at \$850,000 to \$900,000.

Out in Blackburn, a three-bedroom brick veneer house quoted at \$780,000 to \$850,000 sold for \$980,000, thanks to competition among six bidders. Hocking Stuart said the property at 37 Jeffery Street hit its reserve at \$880,000.

At the top end, the four-bedroom Edwardian house at 53 Linda Crescent in Hawthorn sold for \$2.81 million after being declared on the market by Jellis Craig at \$2.25 million.

The house was previously sold for \$1,015,000 in May 2001.

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