

CASE STUDY

A million reasons to be happy

Neighbours Moira Tobin and Virginia Petracca are both relative newcomers to inner-east Melbourne suburb Ashburton, but they plan to become a pair of its old-timers.

The leafy suburb sits between Camberwell, with its \$1.28 million median house price in 2010, and Glen Iris with its \$1,247,500 median, and finished 2010 within a whisker of a \$1 million median house price.

Currently sitting at \$961,000, Ashburton has recorded 61.24 per cent median house price growth since 2006, according to Australian Property Monitors.

Asked if Moira and Virginia's investment outlooks will change now their suburb is close to joining the \$1 million club, it seems neither homeowner has any intention of selling their primary places of residence.

"It is good news but really makes no difference; we have no plan to sell," says Moira, a mother of four who bought her four-bedroom art deco home on 1500 square metres for \$1.3 million in October 2008.

"You couldn't find something offering better value anywhere else."

"You'd pay \$5 million to \$6 million for a home on this much land only a few kilometres away in Toorak."

Over the fence, Virginia and her husband John bought their property in March 2007 for \$881,000.

It was a 1930s house on 1200 square metres, which they've subsequently replaced with a double-storey, five-bedroom house and pool.

Virginia estimates the property today is worth \$2.5 million to \$3 million.

"We have two young boys and love the space you buy in Ashburton yet you're still so close to the amenities of the city," Virginia says.

"Yes, it's a lot of money to get in here now. The prices have gone up so quickly. But we're pretty sure there's still a way to go compared to the neighbours (suburbs)."

"We plan to stay. John wants to leverage the equity to redevelop other properties in Melbourne in the next few years."



He thinks house values in Turner may rise because houses are scarce in this near-city suburb and adds that because the ACT Government has allowed more unit development in this suburb, Turner houses "are an even more rare and precious asset".

WESTERN AUSTRALIA

Perth is poised to push several of its high six-figure median house suburbs to \$1 million, Ryder predicts.

"The capital has had three down years after the last peak in 2007 and, as yet, Perth prices haven't reacted to the wealth being created by the resources boom," he says.

"I would expect that to start happening in the second half of 2011 and Perth suburbs near the top of the 'almost \$1 million' list will advance."

Negative market sentiment has constrained Perth's property market this year despite underlying growth fundamentals, Wilson says.

"Perth's market is the opposite of Melbourne at the moment; Melbourne has a pervasion of positive sentiment whereas Perth has a pervasion of negative sentiment and that can be very difficult to turn around," Wilson cautions.

"The mining tax debate has been a big issue for Perth, but having said that there will be a mining boom going on and there will be jobs and money pouring into Perth again."

"But I don't see it hitting the market this year. I would expect the Perth market to start to recover by the end of this year but we won't see its effects appearing in its medians this year."

"And once momentum starts, it will really get going... it won't be a blockbuster this year but one to watch in 2012."

TASMANIA/NORTHERN TERRITORY

Which brings us to our two 'no shows': Tasmania and the Northern Territory.

Neither location has any suburbs in contention for \$1 million club entry in 2011 because too few homes have sold with seven-figure price tags.

"It isn't because we don't get properties that reach that price, it's because we don't get enough of them to generate a median," Wilson explains.

"The thing with Darwin is it just doesn't have that spread of sales, as is also the case in Hobart, which is bizarre in a way because you find Darwin has a high median price for the city. It has a lot of properties in that middle range, \$500,000 to \$700,000... you can get a \$5 million property in Darwin, as you can in Hobart, but there's just not enough in a suburb to raise a suburb's median up to that \$850,000 to \$900,000 bracket."

FINAL WORDS TO INVESTORS

In summary, be careful putting all of your eggs in an 'almost \$1 million' basket.

"No, don't chase properties in these locations this year," Salt advises. "People should remain cautious because I'm not convinced the top end of town's prospects look particularly good in 2011."

"If, however, you take a long-term view of at least five years then, yes, why not?"

"If you're a long-term patient investor and take a five-year approach then there are good reasons to buy in any of these locations because they all present with similar underlying qualities that will ensure their attractiveness in the next five to 10 years."

"And if you already own a property investment in one of these suburbs and can afford it, hold it, definitely. It should deliver good investment returns."

Ryder holds a similar view of the market outlook and says Australia needs "a much higher level of business and consumer confidence" before suburbs nudging \$1 million median house prices are a certainty for further value gains.

There's more residential property for sale this year than at any time since 2008 and relatively few buyers – a factor also constraining price growth.

"Despite the strength of the resources boom and the overall strength of the national economy, the mood in the nation is quite low," Ryder observes.

"People are very reluctant to commit to major spending. Investors are better off buying elsewhere. In most of our major cities, the best long-term performers on capital growth are the cheaper outlying areas, while the worst performers tend to be the millionaire suburbs."

"If anyone tells you people are better off buying in the 'prime' inner-city areas, ask them to produce some research data to support their opinions."

Cashmore advises investors to focus on buying in areas containing "the best options" in their price bracket.

"It's no good purchasing in a suburb with a high median and growth rate if all you're able to afford is the property equivalent of a sandwich box," the buyer advocate says.

She says buyers must concentrate on the long-term capital growth rate over a 10 to 20-year period rather than the suburb median.

"If they already own property which has appreciated into the \$1 million range, ideally they'd want to hold onto the home and let it continue to appreciate, whilst borrowing against that asset to increase their investment portfolio."

"Remember, the property you live in is

WHICH SUBURBS HAVE MEDIAN HOUSE PRICES WITHIN 15 PER CENT OF \$1 MILLION?

Suburb	2010	2009	2008	2007	2006	Suburb	2010	2009	2008	2007	2006
ACT						QLD					
YARRALUMLA	\$990,000	\$925,000	\$950,000	\$900,000	\$785,000	NEW FARM	\$980,000	\$875,000	\$925,000	\$900,000	\$770,000
RED HILL	\$950,000	\$940,000	\$867,500	\$967,500	\$795,500	TIMBERWAH	\$955,000	\$770,000	\$787,500	\$757,500	\$800,000
TURNER	\$930,000	\$778,000	\$690,000	\$740,000	\$640,000	ST LUCIA	\$950,000	\$850,000	\$720,000	\$720,000	\$815,000
DEAKIN	\$900,000	\$840,000	\$757,500	\$842,500	\$680,000	GUMDALE	\$920,000	\$630,000	\$685,000	\$789,000	\$1,227,500
GARRAN	\$860,000	\$668,750	\$695,000	\$660,000	\$587,500	BUNDALL	\$913,700	\$821,500	\$950,000	\$833,000	\$737,500
NSW						VIC					
LITTLE BAY	\$990,000	\$950,000	\$960,000	\$1,240,000	\$919,000	CAMP MOUNTAIN	\$901,000	\$757,500	\$752,500	\$697,500	\$604,500
ABBOTSFORD	\$988,000	\$871,000	\$858,250	\$960,000	\$850,000	CHELMER	\$890,000	\$860,000	\$780,000	\$700,500	\$670,000
ANNANDALE	\$987,500	\$824,000	\$771,000	\$760,000	\$675,000	SUNSHINE BEACH	\$880,000	\$750,000	\$817,500	\$687,500	\$940,000
LANE COVE NORTH	\$987,000	\$855,500	\$872,500	\$832,500	\$724,000	ANSTEAD	\$879,000	\$620,000	\$615,000	\$631,000	\$700,000
DAVIDSON	\$985,000	\$857,500	\$837,000	\$855,000	\$825,000	BROOKFIELD	\$862,500	\$850,000	\$892,500	\$815,000	\$741,000
COLLAROY	\$980,000	\$867,056	\$905,000	\$939,000	\$835,000	# WILLOW VALE	\$860,000	\$850,000		\$880,000	\$840,000
GLENORIE	\$975,000	\$960,000	\$930,000	\$922,000	\$940,000	SA					
# ROSSMORE	\$975,000					MALVERN	\$950,000	\$940,000	\$893,500	\$804,000	\$792,525
NORTH TURRAMURRA	\$967,500	\$925,000	\$845,000	\$838,000	\$867,500	ST PETERS	\$925,000	\$910,000	\$553,750	\$514,800	\$509,500
ULTIMO	\$965,500	\$750,000	\$666,000	\$635,000	\$502,500	HYDE PARK	\$910,000	\$854,500	\$910,000	\$852,500	\$672,000
SURRY HILLS	\$960,000	\$814,000	\$800,000	\$834,500	\$667,250	WALKERVILLE	\$885,000	\$760,000	\$710,000	\$650,500	\$929,500
# CASTLEREAGH	\$957,500					TUSMORE	\$877,000	\$825,000	\$925,000	\$779,000	\$630,000
WEST PYMBLE	\$954,500	\$815,000	\$803,500	\$812,000	\$750,000	# COLLEGE PARK	\$850,000	\$1,075,000	\$1,613,500		
# HOLGATE	\$951,250			\$990,000	\$870,000	WA					
ELANDORA HEIGHTS	\$950,000	\$835,000	\$867,500	\$855,000	\$790,000	SOUTH MELBOURNE	\$990,000	\$892,500	\$810,000	\$750,500	\$592,500
# SCOTLAND ISLAND	\$950,000	\$712,500		\$704,400	\$742,500	ABERFELDIE	\$985,000	\$786,500	\$710,000	\$696,000	\$568,000
YOWIE BAY	\$950,000	\$930,000	\$889,500	\$940,000	\$870,000	# YARRAMBAT	\$980,000	\$835,000	\$860,000	\$815,000	
PAGEWOOD	\$945,000	\$940,000	\$816,000	\$842,500	\$730,000	PORT MELBOURNE	\$970,000	\$848,750	\$785,000	\$788,250	\$655,000
CROWS NEST	\$942,500	\$975,000	\$910,000	\$881,000	\$800,000	ASHBURTON	\$961,000	\$775,000	\$763,250	\$805,375	\$596,000
DARLINGHURST	\$942,000	\$820,000	\$877,500	\$900,000	\$710,000	CAULFIELD	\$968,375	\$795,000	\$837,500	\$790,000	\$696,000
MONA VALE	\$942,000	\$840,000	\$872,500	\$925,000	\$850,000	ST KILDA EAST	\$950,000	\$783,000	\$763,500	\$774,500	\$580,000
CHELTENHAM	\$940,000	\$800,000	\$991,250	\$885,000	\$693,000	MCKINNON	\$930,000	\$825,000	\$775,000	\$740,000	\$641,000
# ORCHARD HILLS	\$937,500	\$1,076,000				ORMOND	\$918,000	\$750,000	\$772,000	\$727,000	\$610,000
BEECROFT	\$936,000	\$820,000	\$850,000	\$900,000	\$749,500	PRAHRAN	\$916,000	\$868,000	\$770,000	\$738,000	\$632,000
LILYFIELD	\$935,000	\$838,000	\$797,500	\$763,500	\$735,000	IVANHOE	\$910,000	\$822,250	\$747,500	\$688,500	\$562,000
WOLLSTONECRAFT	\$930,000	\$786,000	\$940,000	\$795,000	\$770,000	CAULFIELD SOUTH	\$903,500	\$825,000	\$800,500	\$795,000	\$629,000
CONCORD WEST	\$925,000	\$850,000	\$840,000	\$755,500	\$687,500	CARLTON NORTH	\$903,000	\$785,000	\$710,000	\$727,000	\$613,700
BLAKEHURST	\$923,000	\$855,000	\$833,500	\$865,000	\$700,000	# PLENTY	\$900,000				
ROZELLE	\$920,000	\$820,000	\$830,000	\$780,000	\$686,000	WINDSOR	\$900,000	\$356,250	\$396,000	\$382,500	\$395,000
SOUTH TURRAMURRA	\$920,000	\$755,000	\$773,000	\$770,000	\$665,250	BALACLAVA	\$891,000	\$750,000	\$677,000	\$683,000	\$527,000
ALLAMBIE HEIGHTS	\$918,500	\$830,000	\$847,500	\$785,000	\$699,000	CARLTON	\$887,500	\$605,000	\$666,500	\$670,000	\$550,000
PYRMONT	\$917,500	\$850,000	\$850,000	\$700,000	\$580,000	FITZROY NORTH	\$887,500	\$740,000	\$727,500	\$671,000	\$530,750
MANLY VALE	\$916,000	\$835,000	\$775,000	\$810,000	\$740,000	MONT ALBERT NORTH	\$880,000	\$754,500	\$680,000	\$672,500	\$520,000
SYLVANIA WATERS	\$915,000	\$1,450,000	\$655,000	\$947,500	\$800,000	BENTLEIGH	\$877,500	\$710,000	\$695,000	\$686,250	\$530,000
# EAST GARDENS	\$910,000			\$660,000	\$712,000	ESSENDON	\$872,750	\$705,550	\$682,500	\$660,000	\$517,500
FORESTVILLE	\$910,000	\$788,500	\$785,000	\$770,000	\$696,500	STRATHMORE	\$855,000	\$687,500	\$687,500	\$580,000	\$510,000
CANADA BAY	\$905,750	\$698,000	\$790,000	\$675,500		WA					
CHIFLEY	\$905,000	\$825,000	\$492,000	\$465,000	\$395,500	CRAWLEY	\$985,000	\$940,000	\$805,000	\$846,000	\$1,097,500
GROVEDON	\$905,000	\$782,000	\$727,500	\$724,000	\$625,000	EAST FREMANTLE	\$960,000	\$850,000	\$922,500	\$860,000	\$847,500
OATLEY	\$905,000	\$822,500	\$772,500	\$785,000	\$712,500	DAKOFORD	\$955,000	\$785,000	\$820,000	\$880,000	\$765,000
EAST RYDE	\$902,500	\$852,500	\$774,000	\$755,000	\$697,500	ROSSMOYNE	\$952,500	\$920,000	\$960,000	\$1,025,000	\$794,500
MATRAVILLE	\$900,000	\$809,500	\$769,500	\$700,000	\$688,750	ARDROSS	\$950,000	\$875,000	\$777,500	\$885,000	\$805,000
STANMORE	\$900,000	\$785,000	\$766,000	\$790,000	\$676,000	# BANULP	\$950,000	\$928,400		\$905,000	\$763,500
DENISTONE	\$897,000	\$765,750	\$752,500	\$728,500	\$656,000	SALTER POINT	\$950,000	\$905,000	\$1,140,000	\$1,090,000	\$840,000
BELROSE	\$895,000	\$840,000	\$792,000	\$782,775	\$780,000	WATERMANS BAY	\$950,000	\$1,030,500	\$1,500,000	\$1,370,000	\$900,000
CARINGBAH SOUTH	\$895,000	\$815,000	\$757,500	\$805,000	\$755,000	SHELLEY	\$935,000	\$852,500	\$579,000	\$622,500	\$590,000
REDFERN	\$895,000	\$765,250	\$690,000	\$645,000	\$590,000	WATERFORD	\$926,000	\$395,000	\$376,500	\$354,000	\$330,000
HURSTVILLE GROVE	\$892,500	\$841,000	\$778,000	\$745,000	\$675,000	SOUTH PERTH	\$917,500	\$840,000	\$865,000	\$860,000	\$718,750
EPPIING	\$890,000	\$770,000	\$760,000	\$775,000	\$705,000	WOODLANDS	\$912,500	\$849,500	\$870,000	\$821,500	\$680,000
KOGARAH BAY	\$890,000	\$730,000	\$830,000	\$825,000	\$697,500	# GNANGARA	\$900,000				\$865,000
# WINDSOR DOWNS	\$882,500	\$865,000		\$812,500	\$860,000	NORTH BEACH	\$900,000	\$780,000	\$900,000	\$872,000	\$875,000
NORTH EPPING	\$882,000	\$745,000	\$735,000	\$719,000	\$660,000	NORTH LEEDERVILLE	\$900,000	\$875,000	\$945,000	\$840,000	\$722,500
ZETLAND	\$881,000	\$705,750	\$615,000	\$625,000	\$636,000	WEMBLEY	\$895,000	\$792,500	\$875,000	\$837,000	\$665,000
ASHBURY	\$880,000	\$702,500	\$701,000	\$664,500	\$690,000	SOUTH FREMANTLE	\$880,000	\$835,000	\$760,000	\$860,000	\$695,000
ROSEBERY	\$880,000	\$725,000	\$650,000	\$739,500	\$782,500	# BURNS BEACH	\$875,000	\$832,500			
BELLA VISTA	\$876,500	\$763,750	\$755,000	\$667,000	\$710,000	NORTH FREMANTLE	\$875,000	\$755,000	\$1,500,000	\$870,000	\$699,000
WARRIEWOOD	\$875,000	\$733,000	\$773,750	\$755,000	\$740,000	# BICKLEY	\$860,000				\$650,000
DENISTONE EAST	\$873,000	\$746,000	\$630,000	\$676,000	\$617,250	MARMION	\$860,000	\$725,000	\$870,000	\$813,750	\$812,500
FIVE DOCK	\$871,500	\$795,000	\$770,000	\$731,000	\$685,000	SORRENTO	\$850,000	\$802,500	\$887,500	\$890,000	\$745,000
BEACON HILL	\$871,250	\$767,500	\$768,000	\$767,250	\$712,000	<div>* Tasmania and the Northern Territory did not record any suburbs with median house prices above \$850,000. # Suburb experienced one or more years during 2006-2010 when its house sale numbers were too few to generate a statistically relevant median price. Data provided by Australian Property Monitors For more vital stats and information about each of these suburbs, see our extended coverage in API Digital. Details page 9.</div>					
LEWISHAM	\$870,000	\$872,500	\$590,000	\$670,000	\$580,000						
# MORTLAKE	\$870,000	\$730,000		\$717,500	\$750,000						
TERRER HILLS	\$870,000	\$820,000	\$805,000	\$805,000	\$765,000						
GLENHVAH	\$869,000	\$780,000	\$795,000	\$797,500	\$750,000						
NORTH STRATHFIELD	\$868,000	\$700,000	\$700,000	\$636,500	\$638,000						
BRIGHTON-LE-SANDS	\$862,500	\$812,500	\$700,000	\$731,500	\$653,500						
BEVERLEY PARK	\$860,000	\$730,000	\$718,000	\$658,000	\$680,000						
EASTWOOD	\$860,000	\$768,000	\$731,000	\$713,000	\$640,000						
PETERSHAM	\$860,000	\$708,000	\$730,000	\$690,000	\$625,000						
FRENCHS FOREST	\$855,000	\$790,500	\$765,000	\$779,250	\$720,000						
# GRASMERE	\$855,000	\$680,000	\$750,000	\$715,000							
KILLCARE	\$855,000	\$716,250	\$685,000	\$693,000	\$1,130,000						
SUMMER HILL	\$855,000	\$688,000	\$682,000	\$731,000	\$669,000						
EASTLAKES	\$850,500	\$730,000	\$625,000	\$664,000	\$635,000						
LEIGHHARDT	\$850,500	\$697,500	\$657,500	\$655,500	\$600,000						
CROMER	\$850,000	\$767,500	\$747,500	\$750,000	\$710,000						
NEWTOWN	\$850,000	\$680,000	\$650,000	\$650,000	\$555,000						
WEST PENNANT HILLS	\$850,000	\$785,000	\$765,000	\$750,000	\$680,000						