

Article rank | 17 Jul 2010 | Herald Sun | Craig Binnie property editor

Median price at \$559,000

MELBOURNE'S median house price rose nearly \$500 a day to hit a record high of \$559,000 in the June quarter.

The 8.5 per cent rise since the March quarter pushes the home ownership dream further out of reach of many young buyers, Real Institute of Victoria figures show.

The new median is up from \$515,000 in the March quarter and represents a jump of \$3385 a week, or \$484 a day.

Buyers' advocate Ian James, of JPP Buyer Advocates, said it was virtually impossible for young people to save as fast as property prices were rising.

The Government's immigration policies had created unprecedented demand for properties and were forcing buyers to look farther from the city to find a home they could afford, he said.

During the quarter, the median price of houses sold by private sale rose by 5 per cent, compared with only 2 per cent in houses that were auctioned.

The REIV said the figures showed that even though auction clearance rates had dropped, demand for homes remained strong.

REIV chief executive Enzo Raimondo said an increasing population and positive economic factors led to higher prices in the middle of the market. "Increased housing prices, rents and interest rates are contributing to worsening affordability in Melbourne," he said.

Mr James said anyone waiting for a bargain was likely to be disappointed.

"Prices will continue to rise until the vast disparity between supply and demand stabilises," he said.

"I would foresee the top third of long-term performing suburbs in Melbourne will have a 10 per cent growth or better over the next four to six years. By 2017, I would expect to see the Melbourne median house price at about \$1 million."

In the June quarter, the best performing suburbs were in the more affordable parts of Melbourne, including working class Dandenong, Rosebud, Broadmeadows, Footscray and Glenroy.

The top 20 performing suburbs did not include any areas with a median more than \$1 million.

Mr Raimondo said suburbs that had slower price growth were now riding the boom, because droves of buyers had been forced to set their sights farther afield.

Dandenong's growth spurt added 31.5 per cent to local house prices to push the median to \$500,000.

Rosebud houses rose 18 per cent to \$413,000.

A previous star performer, South Yarra, suffered the biggest drop of 26.4 per cent.

Unit prices also rose, jumping 4.7 per cent to \$463,215.

Carlton, Ascot Vale, Malvern East, Northcote and Footscray had the biggest rises.

Printed and distributed by NewspaperDirect | www.newspaperdirect.com, US/Can: 1.877.980.4040, Intern: 800.6364.6364 | Copyright and protected by applicable law.