

Houses dive by \$25,000

MELBOURNE property values have plunged more than \$25,000 for an average home in a year, according to a leading home value index.

The bad news for home owners was revealed as RP-Data-Rismark Home Value Index figures showed Australia's capital cities had seen an average of 4 per cent ripped from the value of homes to the end of October.

Melbourne's house prices dropped 5.7 per cent compared with last year.

Only home owners in Brisbane were worse off, down 8.8 per cent.

Unit values declined at similar rates.

Rental returns in Melbourne are the lowest nationwide, compounding the pain for owners, with house returns growing just 3.7 per cent and units by 4.3 per cent.

It's good news for buyers

Nathan Mawby

after capital growth in property here shot up between 25 and 30 per cent in the year before.

Despite Melbourne's median price of \$483,500 being cheaper than median prices in Sydney, Canberra and Darwin, buyers aren't biting.

Clearance rates last weekend remained around 53 per cent for the third week in November, up only slightly on a 50 per cent clearance rate in October, which was the worst since July 2004.

In a ray of hope to those looking to sell, Ben Skilbeck, Rismark managing director, said low home loan rates brought on by the RBA's cut in interest rates on Melbourne Cup day were expected to bolster the market early in the new year.

mawbyn@heraldsun.com.au