

House prices on top

Amelia Harris

MELBOURNE can add having Australia's strongest housing market to its list of accolades, with the average house price skyrocketing almost 20 per cent last year.

Real estate analysts say the median house price rose by 18.5 per cent.

According to Australian Property Monitors, a house which cost \$436,765 in December 2008 was worth

\$517,756 in December 2009.

It is the first time the average house price has exceeded \$500,000.

The research also shows the median house price rose by about 12 per cent nationally.

The figures come after a record year in Melbourne's overheated property market, which boomed despite the global economic crisis. Australian Property Monitors economist

Melbourne enjoys strongest rise

Matthew Bell said the market was at its strongest since September 2003.

"It's been the activity at the top end of the market that has driven the extraordinary overall result for 2009," Mr Bell said.

"Activity in the more expensive suburbs has been driven by the surprisingly resilient jobs market experienced in late 2009 and a strongly rising share market."

Hobart boasted the second biggest growth, with the average house price rising by almost 15 per cent.

Adelaide was the biggest loser — prices increased by just 2.4 per cent.

Mr Bell said first-home buyers should brace themselves for more pain this year.

Expected interest-rate rises and the end of the first-home-owner boost in December

would make things even tougher, he said.

Mr Bell predicted property growth would plateau in the first half of the year.

"The medium-to-long-term outlook for property prices remains strong, as high population growth, rising incomes and a relative lack of new supply means there will simply be more demand for housing than supply," he said.

Earlier this month wealth-creation author Michael Yardney predicted the average Melbourne home would cost \$1,166,344 by 2020.