

House values' spring surge

SOME of the strongest growth in home values since the property market peaked in 2010 have set Melbourne up for the strongest spring market in four years.

The latest RP Data-Rismark Hedonic Home Value Index has shown an improvement in values during the past three months added about \$24,500 (4.5 per cent) to a median-priced, \$548,000 house, though no growth was achieved during the past month.

For units, the quarterly growth was even greater, about \$30,000 or 6.9 per cent for a median-priced, \$440,000 unit, with prices up a modest 1 per cent during August.

RP Data analyst Tim Lawless said yesterday the August figures would likely be followed by the strongest spring conditions since 2009 as signs pointed to a "near-to perfect spring season".

"Listings in Melbourne are about 15 per cent lower than they were about a year ago, so we are seeing a market that is pretty competitive," Mr Lawless said.

Real Estate Institute of Victoria chief executive Enzo Raimondo echoed the sentiment, saying a surprisingly strong lead-up to spring looked set to continue.

"In August we had around 600 auctions per week compared to the 10-year average of 500 auctions," Mr Raimondo said.

"The successive interest rate cuts and the relatively low level of transactions over the past two years appear to be luring buyers

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back into the market. This spring selling season looks set to be the strongest we have seen since 2010 if the past few weeks are an indication of what is to come."

Most of the market growth is taking place among mid-range-priced property brackets, with some potential good news for first homebuyers as values at the lower end of the market grow more slowly.

"The most affordable 25 per cent of the market place is starting to underperform," Mr Lawless said.

"It's not seeing appreciation as fast as other sectors of the market."

RP Data is also anticipating an increase in properties being listed for sale following the federal election this weekend, which should be absorbed by buyer demand, according to Mr Lawless.

Rismark chief executive Ben Skilbeck said investors were leading the charge nationwide.

"While the owner-occupier segment of the market is more than twice the size of the investor segment, a number of indicators suggest that this spring investors will be punching above their weight," he said.

He said there was a chance buyers might look at rising capital values of properties and instead opt to continue renting while rental affordability remained at current levels.

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