

Slow start for 2011

The pace will pick up next month, writes **Richard Conrad**

HOW Melbourne's property market will shape up this year is anyone's guess. So far in 2011, too few properties have changed hands to give away any clues.

Some encouragement can be taken from Melbourne's average house prices rising 9.21 per cent in 2010 — a difficult year, generally, for securing decent returns on investments of any kind.

Some property pundits predict low numbers of Melbourne houses listed for sale will drive up competition among buyers, increasing prices.

Others are pessimistic, forecasting poor single-digit percentage increases in Melbourne housing values for much of this decade.

“The number of listings is broadly in keeping with this time last year

As always, interest rate movements are an unpredictable variable.

The best guess in the current economic climate is for a couple of small rate rises during 2011.

Real Estate Institute of Victoria communications manager Robert Larocca says just a couple of homes have gone under the hammer in the first few weeks of 2011.

“The pace, however, will pick up over the next month,” Larocca says.

The REIV expects about 60 auctions this weekend, 130 on the last weekend of the month and 180 on the first weekend in February.

“This number of listings is broadly in keeping with this time last year,” Larocca says. “As a result, at this time it is not possible to get a sense of how the market is performing.”

MARKET SNAPSHOT



8/51 Epsom Rd, Kensington
Advertised: \$390,000-\$420,000



14 Station St, Riddells Creek
Advertised: \$430,000-\$450,000



2/2 Josephine Gr, Preston
Advertised: \$280,000-\$308,000



8 Hope St, Rosebud
Advertised: \$220,000-\$250,000

WHAT THEY SAY

Q. What impact will the Baillieu Government's promise of a 20 per cent cut in stamp duty for first-home buyers have on the market?



HARLEY DALE
Senior economist,
Housing Industry
Association

In the case of first-home buyers looking to build a new home, stamp duty can be levied at more than one stage of the house and land process and the bill to the buyer can easily exceed \$15,000. A cut in stamp duty clearly has the potential to assist first home buyers enter the new home market. A cut in stamp duty on existing dwellings will likely add to the churn in property markets, adding to the demand for new housing from upgrade buyers. Excessive land price appreciation is killing the new housing affordability advantage Victoria has over other states.



SAM SPERNAT
Property services
principal, Rodney
Samuels Consulting

We should, in theory, see an increase in the amount of first home-buyers coming into the market after July. Although, the past has shown, changes in inner-city suburbs were not drastic when the first-home buyer grant was altered during the global financial crisis. The result will likely be more breathing space in the budgets of some. Others may increase their budget by the amount they will save, but the reduction is not large enough to cause a noticeable change in the marketplace. It is a token reduction to a small segment of the market.



TIM LONGMORE
Real estate agent,
Barry Plant

The announcement could not come at a better time for first-home buyers. Victoria has the highest stamp duty in Australia. It has recently overtaken NSW in the stakes for most unaffordable place to purchase property. Towards the end of 2010 investors were returning to bricks and mortar due to a volatile stock market. This made it difficult for first-home buyers to compete in the segment and were often outbid and pushed out of the market. The 20 per cent stamp duty reduction should reignite their confidence to compete and secure their first home.