

Market has long weekend breather

WHILE Melburnians were glued to the World Cup action in their lounge rooms, the real estate market had a much-needed rest after an active few weeks.

Out of a reported 268 auctions on the weekend, the clearance rate rose to 77 per cent — the highest since the start of May.

It is also the most number of auctions held on the Queen's birthday weekend since at least 2003, continuing the trend of high stock levels this year.

There were 2286 auctions in February and 2931 in March, with both months recording a strong clearance rate of 85.6 per cent.

In April, the auction numbers dropped to 1998 but demand kept the clearance around 82.7 per cent.

Encouraged by this appetite for property, May saw the number of auctions grow to 4371. Given the stock influx, it wasn't surprising to see the clearance rate dip to 75.3 per cent, which still represents a healthy market.

Buyer advocate Peter Rogozik said the market had significantly changed over the past year, in supply and demand.

"Twelve months ago there was a lot of pent-up demand and I think a lot of that has been satisfied."

"Recently, there was also a lot of pent-up supply, but now people are feeling a lot more comfortable about putting their property on the market, so the pendulum has swung back in favour of the buyer."



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Mr Rogozik said one thing that hadn't changed, was the fact that good quality properties not too far above the median were still seeing a lot of competition from an average of three to four bidders.

For instance, he said a property at 122-126 Walsh Street, South Yarra, which had a reserve of \$5 million, was opened



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ADRIAN JONES, Noel Jones group

and passed in on a vendor bid of \$4.5 million on the weekend. "The median price for South Yarra is a little bit over \$1 million and the vendors wanted \$5 million for this one in Walsh Street — the pool of buyers at that level is very, very small."

JPP buyer advocate Catherine Cashmore said with the high volume of stock, properties that weren't so well-located or desirable were tending to be passed in or sold by negotiation after auction.

Noel Jones group chairman Adrian Jones said that the start of 2010 had been "a remarkable period, when almost anything that hit the market was bought up, and often at a premium".

"The first few months of this year were hectic, unbelievably buoyant and unsustainable," Mr Jones said.

"Now common sense is prevailing — good properties are still selling but people are no longer paying silly prices."

He said that he expected the clearance rate to remain around 70 per cent for the rest of the year, as the market starts to settle to more normal levels.