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Author: Vince Chadwick

House prices down 5.2% on 2010

MELBOURNE house prices increased slightly in the December quarter, though not enough to avoid a 5.2 per cent median drop since the same time last year.

The Real Estate Institute of Victoria found the median house price in metropolitan Melbourne - the middle price from all those sold - was \$550,000 in the three months to December 2011. This represented only a 1.9 per cent increase from the September quarter, and did not threaten the record of \$580,000 in December 2010.

The parlous state of the market was clear as three of last year's top 20 growth suburbs recorded negative growth.

"That speaks volumes about a market which is, at best, standing still," REIV spokesman Robert Larocca said.

Canterbury edged Kew as the most expensive suburb for homes in the December quarter with a median price of \$1,615,000 while Melton was most affordable at \$280,000.

Prices in Ballarat East rose by 10.9 per cent last year, while in Ballarat North they fell by 16.7 per cent.

Analysts said the Victorian property market remained in a holding pattern following recent global tumult.

George Bougias from independent property consultants **Charter Keck Cramer** said Melbourne had responded "reasonably well" given uncertainty over events in Europe.

Real Estate Institute chief executive Enzo Raimondo cited "lower consumer confidence, a slowing state economy and an increase in supply" as key drivers in the current market.

This week *The Age* reported a lacklustre Victorian economy saw 2.7 per cent fewer home loans in the year to November 2011, while the nation recorded a 5 per cent increase