

Buyers creep back into muddled market

Majella Corrigan

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THE property market is a mixed bag at the moment, highlighting the fact that while statistics give a broad view, what's happening on the ground can sometimes be more complicated.

The economic news is still mainly negative, but some green shoots of confidence appear from time to time.

There's genuine concern about the first-home market, and to complicate factors even the broad median house price figures are pointing in different ways.

The Australian Bureau of Statistic's latest report was of a 6.7 per cent national fall in the prices of detached residential dwellings for the year, and a 2.2 per cent fall since the December 2008 quarter.

That contrasts with figures from Australian Property Monitors and RP Data/Rismark International, both of which recently reported slight increases in national housing prices between the December 2008 and March 2009 quarters. Part of the reason is that ABS statistics are only for detached housing, while the other two include units, terraces and semi-detached dwellings.

But the difference really only highlights that statistics shouldn't be taken in isolation when making decisions about buying. Buyers advocate Curtis Associates says the APM and RP data figures are probably closer to what's really happening.

Principal Chris Curtis has tracked the number of sales in Sydney's eastern suburbs, lower north shore and inner west in the \$700,000 to \$1 million range, and says there are improving conditions there.

But above that figure activity falls away again. It is a price bracket previously rated as almost inactive, with the focus instead on the cheaper sector.

Curtis says that because good and bad news is being reported continually, local and foreign buyers are beginning to make decisions irrespective of what international and domestic governments are saying.

He calculates there were more than 620 reported transactions in the \$700,000 to \$2 million bracket, and more than 145 transactions for more than \$2million in three areas -- Sydney's eastern suburbs, lower north shore and inner west -- in 58 days from mid-March.

More than 220 were in the eastern suburbs and the city, and included investment properties, some which sold on gross yields of 4 per cent to 5 per cent.

On the lower north shore, more than 200 sales were reported in the same price bracket.

But in the bracket over \$2 million activity fell away, with 75 reported sales and a noticeable shortage of big-ticket sales. Examples include a property in Beach Road, Bondi, which set a price per square metre benchmark for that suburb when it sold for \$3.05 million, and two bigger sales, one in Carthona Avenue, Darling Point, for \$6.15 million, and one in Greycliffe Avenue, Vaucluse, for \$6 million.

Investors were present, buying residential unit blocks. One in Oswald Street, Darling Point, sold for \$2.25 million, showing a gross yield of 6.6 per cent.

On the lower north shore there were fewer sales, about 40, and in the inner west it was quieter still, with fewer than 30 reported sales in the \$2million plus bracket and no investors among the buyers.

Curtis says some properties are selling for above their reserves, but there are those that have sold for less than they were previously purchased or marketed for.

But he says these are mainly at the margins and involve properties that were overpriced even in boom times, and have had to have their prices slashed.

majellacorrigan@optusnet.com.au