



**Simon says**  
AMP hopes to recover  
mojo under new chair  
Companies p15, Chanticleer Back page

**Tech returns**  
Venture capital chases  
cloud computing  
Technology liftout



**Farewell footy**  
Where now  
for AFL boss  
News p5, Features p44



# THE AUSTRALIAN FINANCIAL REVIEW

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NEWSPAPER OF THE

## Sydney units now cost more than Melbourne houses

Rebecca Thistleton

The average Sydney flat now costs more than the average Melbourne house.

Figures from RP Data out on Monday estimate Sydney's median price for apartments is now \$530,000, compared with the \$515,000 median price for a Melbourne home, a consequence of the rapid growth in Sydney property prices that has triggered concerns of a price bubble.

On Saturday a two-bedroom apartment in Rockdale, about 12 kilometres from Sydney's CBD, sold for \$536,000. On the same day, a three-bedroom Heidelberg West house, about 13km from the Melbourne CBD, sold for \$511,000. It was originally quoted at \$410,000 to \$450,000.



**SYDNEY**  
ROCKDALE • 2br apartment  
• 14km from CBD **\$536,000**



**MELBOURNE**  
HEIDELBERG WEST • 3br house  
• 13km from CBD **\$511,000**

RP Data senior analyst Cameron Kusher said apartments had outpaced houses across the capitals in February, a new trend which showed

buyers competing for more affordable small homes.

Selling agent Sam Abbas of Raine & Horne said the Rockdale apartment

had attracted owner-occupiers, but two investors fought it out after the price hit \$480,000.

"Auctions are working because

there is so much competition," he said. "A lot of people from the inner west have been interested in this area as they find it is better value for money over this way."

Agents have been sitting on pre-auction offers and encouraging vendors to carry through marketing campaigns to squeeze the best price from enthusiastic purchasers, buyer's agent Oliver Stier said.

"The savvy agents are waiting until at least two Saturdays into the marketing campaign to put offers to vendors, but at the same time, buyers are more aggressive," he said.

**Continued p6**

► Job ad rise keeps RBA on hold **p6**  
► Mortgage war hits fixed rates **p15**

NR FBA 001

### Rise of the smaller home

Median house price v unit price and MoM growth to Feb ■ Houses ■ Units



Pictured: 2-bedroom home in Leichhardt which sold for \$920k ahead of auction SOURCE: RP DATA

### From page 1 Surging Sydney units inflate bubble fears

Off-the-plan apartments have sold rapidly across Sydney. Head of Richardson & Wrench projects **Tony McGinley** said 111 apartments launched at 'Vue' Bondi Junction on Saturday sold out within two hours.

Prices started at \$595,000 for a one-bedroom unit without parking on a lower floor. More than 200 potential buyers booked appointments.

House price growth was flat in February across the capitals, except for Sydney, after RP Data recorded buoyant growth nationally in December and January.

In Sydney, unit prices rose 1 per cent and houses 0.7 per cent. Sydney has recorded growth across nine consecutive months, a rise totalling 14 per cent for houses and 10.5 per cent for units.

Mr Stier said owner-occupiers were willing to outbid investors. Strong demand has created competition between buyers and increased the pressure to pay more over missing out.

Higher prices mean lower rental yields for investors and have led to yield compression in Melbourne and Sydney. "We're seeing a lot of demand for three-bedroom units from people who would otherwise be buying houses," he said.

Mr Stier said competition was so strong that buyers were making serious offers early in marketing campaigns – high enough for the vendor to sell ahead of auction.

"There are offers being made and sales wrapped up within the end of the first week on the market," he said.

Homes which have sold prior to auction include a Leichhardt property which was due to go under the hammer on March 8.

The two-bedroom cottage has no parking and was initially expected to sell for more than \$800,000.

### There are offers being made and sales wrapped up within the end of the first week on the market.

Oliver Stier, buyers' agent

Selling agent **Simone Azzi** of Belle Property said more than 100 groups inspected the home in the 20 days it was on the market and 12 contracts had been issued. "Almost all of the contract holders were young professional couples from the inner-west or eastern suburbs," she said.

A couple from Randwick buying their first home out-negotiated two other groups for the home.

Melbourne house prices dipped 0.3 per cent in February but have recorded more than 10 per cent growth in the past year.

Melbourne apartment prices rose 0.4 per cent in February.

Brisbane prices slid 1.5 per cent in February, the median house price was a more affordable \$480,000 and apartment prices were up 0.8 per cent to \$365,000.

Perth apartment prices gained almost 3 per cent for the month and in Adelaide, 1.6 per cent, while both cities recorded slight decreases in median house prices.

RP Data analysts suggested the small dip in house prices was more of a market correction after a buoyant December and January, rather than the start of a price growth slump.

But given interest rate rises have been predicted this year, RP Data has predicted house price growth will slow in coming months.

The RP Data-Rismark monthly home value index, released on Monday, showed the median house price across the eight capital cities combined was \$506,000.

Rismark chief executive Ben Skillbeck said Sydney's nine months of price rises was surprising compared with the dips in the other cities.

He said during the past decade Sydney values had risen less than 3 per cent a year, suggesting the market was playing catch-up.

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