

# Melbourne house prices stagnate, with lowest quarterly growth since 2012: Domain Group

**JEMIMAH CLEGG**REPORTER APR 26, 2018

Melbourne's record-breaking property market has stagnated, with the city recording its lowest quarterly house price growth in five and a half years.

House prices across Melbourne edged up by just 0.1 per cent to \$914,518 in the March quarter, according to the Domain Group's quarterly house price report, released on Thursday.

It is the lowest quarterly price growth since September 2012, when prices eased 0.9 per cent, well before the city's property boom.



Melbourne's house prices have seen the lowest quarterly growth in five and a half years. Photo: Paul Rovere

Units fared a little better, with Melbourne the only capital city to record growth for the quarter – 0.7 per cent to \$505,861.

An influx of first-home buyers, cashed up by stamp-duty concessions, have contributed to the slowing market because they tended to buy lower-priced property such as units and houses in the outer and western suburbs, Domain Group data scientist Nicola Powell said.

The inner east, where prices fell by 3.3 per cent to \$1.5 million, and inner Melbourne, which saw its median decrease by 2.5 per cent to \$1,268,000, were the most sluggish over the quarter. Declines of up to 2.1 per cent were also recorded in the outer east, inner south and north east.



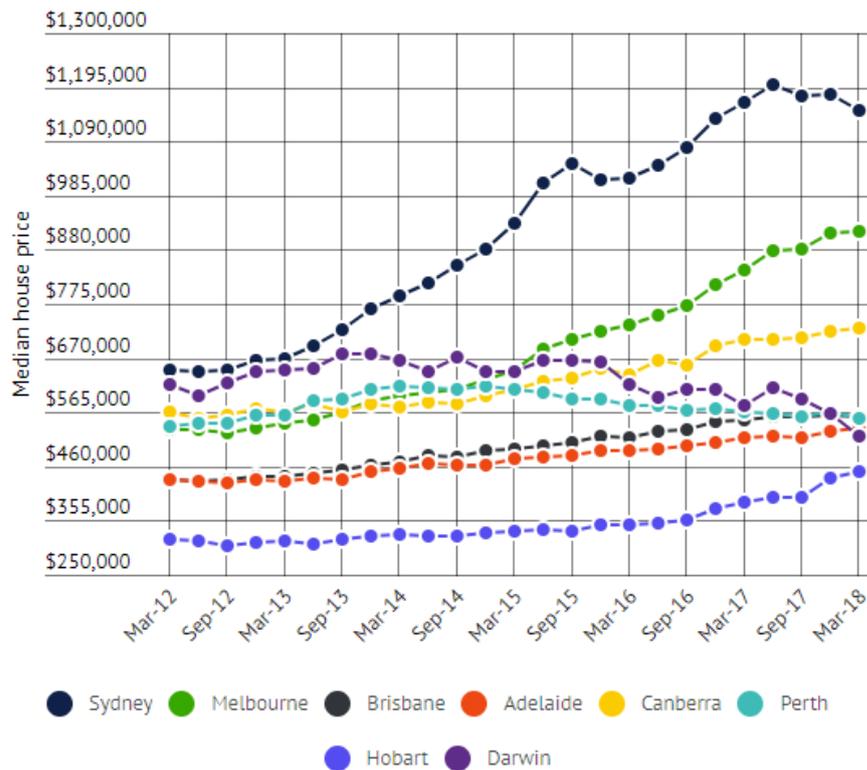
Property owner Jonathan Kim is selling his Fitzroy North house next weekend. He is confident it will fetch a strong price despite Melbourne's slow house-price growth. Photo: Stephen McKenzie

Dr Powell said historically low interest rates had driven a boom in Melbourne's market, and that though this was not a crash, the prices were starting to slow due to more scrutiny on lending.

"The silver lining for Melbourne in terms of demand has been the level of population growth, it's got the strongest growth out of all the states and territories," she said.

"It really has been the lower-priced markets that are still showing signs of growth – even though it is very marginal growth."

## Median house prices by capital city



Source: Domain Group's March Quarter House Price Report

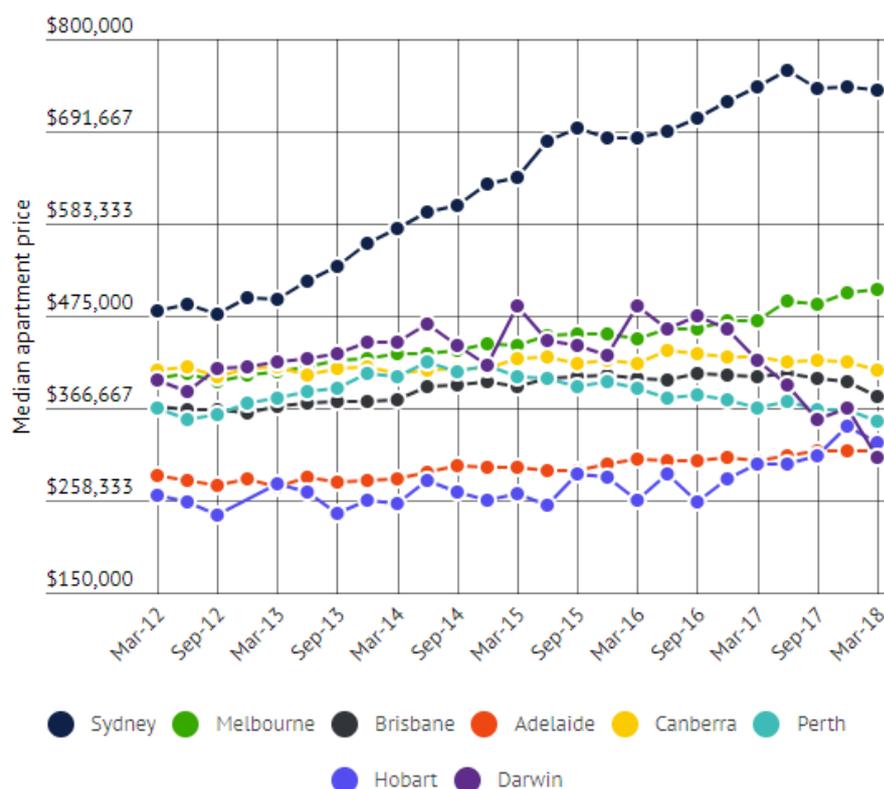
The west, which spanned suburbs between Footscray, Werribee and Bacchus Marsh, saw house price growth of 1.7 per cent to \$610,000, the second highest for greater Melbourne behind the Mornington Peninsula.

Unit prices rose across all areas except inner Melbourne and the inner east. The north east, which included suburbs from Ivanhoe and Reservoir to Wallan and Kinglake, had the highest quarterly growth of 7.1 per cent to \$514,000.

“Without that initiative with the first-home buyer boost, I do think the performance perhaps would have been weaker in some of those lower-priced markets,” Dr Powell said.

Despite slowing house prices, home owner Jonathan Kim was hopeful his Fitzroy North property would fetch a strong price at auction next weekend.

## Median apartment prices by capital city



Source: Domain Group's March Quarter House Price Report

Mr Kim bought the Edwardian 12 months ago for \$1.2 million, and after an extensive renovation, he hoped to sell for at least \$1.5 million.

"I believe North Fitzroy is still doing well, it's why I've chosen to sell – if I was in another suburb I probably wouldn't have," he said. "It's definitely the location that people are buying – that's why I bought there."

Listing agent [Mason Staver](#) from [Nelson Alexander](#) said there were still buyers for reasonably priced properties in well-serviced areas.

"If there's a realistic expectation, there's equally a realistic chance you'll have a bunch of people that will see value in a property," he said.

Real Estate Institute of Victoria president Richard Simpson said agents were reporting fewer buyers and bidders so far this year.

"That's shown in the fall in the clearance rate. Last year in the March quarter it got up to 80 per cent, but now it's sitting around 65 per cent," Mr Simpson said.

Hobart had the strongest house-price growth of 2.7 per cent to \$450,349, while Darwin fared worst with a 7.5 per cent decline for the quarter. Sydney's median dropped by 2.6 per cent to \$1,150,357, while Adelaide and Canberra both had gains of 0.8 per cent.