

# PROPERTY

## update

June Quarter 2002

## June Quarter House Prices

### Melbourne's housing market keeps getting stronger

Expectations of a downturn in the Victorian property market ending a record period of growth, has not eventuated, following the release of the Real Estate Institute of Victoria's (REIV) June 2002 Median Quarter House Prices.

The figures, show the Melbourne property market continues to outperform previous quarters, putting pay to predictions by some analysts suggesting a downturn in the June Quarter. Prices are continuing their upward trend.

Figures for the June 2002 Quarter, show a 3.5% increase from March 2002 (\$316,500) to June 2002 (\$327,500), even after the introduction of two cash rate rises of 0.25 basis points each by the Reserve Bank of Australia (RBA) earlier this year.

Annually, there has been a 12.5% increase from \$291,000 to \$327,500 with the upper quartile of the market experiencing a 1.7% increase for the quarter and a rise of 11.2% for the year, virtually mirroring the March 2002 Quarter's figures with median house prices rising significantly both quarterly and yearly.

Conversely, the lower quartile of the market experienced an increase of 6.3% for the June Quarter but an overall increase of 14.6% for the year.

Median house prices for the June Quarter showed 76% of suburbs surveyed recorded a median price for the quarter increase while 96% of surveyed suburbs recorded a median price increase for the year.

Chief Executive Officer for the REIV Enzo Raimondo, said the excellent performance of the June Quarter figures prove the housing market in Victoria continues to play a pivotal role in the Victorian economy and its ability to lead the way in the economic performance of both the State and the country.

#### ***The Real Estate Institute of Victoria***

Housing activity has been through some sharp gyrations over the last few years. The pre GST boom was followed by a slump in activity before the First Home Owner's Grant and interest rate cuts stimulated renewed activity. Housing activity is running at close to 30% in annual terms. The housing sector has been one of the key drivers of the impressive performance of the Australian economy over the last year. While it accounts for just 5% of the economy its indirect effects via housing related industries, consumer spending and employment are significant.

The lead indicators of activity, in particular housing finance, are pointing to an imminent slowdown. Part of the coming slowdown will be related to the end of the extra bonus for first home buyers opting for a new dwelling.

That extra bonus (\$7,000 then \$3,000) drew in a substantial number of buyers, lifting demand for new dwellings. A crude estimate suggests about 30,000 households were pulled forward into new dwelling ownership. Victoria is no exception and will undergo a slowdown similar to that of the rest of the country. However, the coming slowdown will be quite muted given our view that interest rates will remain on hold well into next year. This will support the renovations component of activity, which accounts for around 40% of total activity.

We warn that the current house price boom looks to have run its course, particularly in Victoria. In real terms, Australian house prices have risen by 41.5% since 1996, a larger rise than the 37% of the late 1980's. Melbourne prices have shot up 69.4% since 1996 compared to the 32.3% rise in the late 1980's. While some of the gains can be attributed to a delayed response to the structural fall in interest rates, we believe the last leg up in prices might contain an element of over-shoot. In the case of investors, the widely reported fact that vacancy rates are heading close to record highs and putting downward pressure on rents is sending a clear word of caution. As the saying goes "buyer beware".

***Bank of Melbourne***

Most expensive		Most affordable		Highest turnover	
1. Toorak	\$1,240,000	1. Melton	\$151,750	1. Reservoir	
2. Canterbury	\$880,000	2. Dandenong	\$160,250	2. Glen Waverley	
3. Armadale	\$780,000	3. Broadmeadows	\$168,000	3. Yarraville	
4. Hawthorn East	\$760,000	4. Deer Park	\$175,000	4. Croydon	
5. Brighton	\$752,000	5. Frankston	\$180,000	5. Brunswick	
6. Elwood	\$715,000	6. St Albans	\$182,500	6. Essendon	
7. South Yarra	\$683,000	7. Healesville	\$183,000	7. Northcote	
8. Albert Park	\$680,000	8. Sunbury	\$185,750	8. Kew	
9. Balwyn	\$636,000	9. Sunshine West	\$187,500	9. Mooroolbark	
10. Kew	\$620,750	10. Bayswater	\$188,000	10. Richmond	

(Note: Only suburbs where a minimum of 30 sales recorded are included.)



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### House Prices – June Quarter 2002

	LOWER QUARTILE	JUNE QUARTER 2002 MEDIAN	UPPER QUARTILE	JUNE QUARTER 2001 MEDIAN
Abbotsford*	\$326,500	\$373,500	\$475,000	\$340,000
Airport West*	\$250,000	\$260,000	\$271,000	na
Albert Park	\$628,000	\$680,000	\$850,000	\$554,000
Alphington*	\$443,750	\$465,500	\$487,500	\$430,000
Altona	\$271,250	\$292,500	\$360,500	\$210,000
Altona Meadows	\$182,750	\$206,500	\$231,500	na
Altona North*	\$247,500	\$255,000	\$291,750	na
Ardeer*	\$190,000	\$192,000	\$212,000	na
Armadale	\$676,250	\$780,000	\$1,285,000	\$618,750
Ascot Vale*	\$355,500	\$408,750	\$464,000	\$350,000
Ashburton*	\$357,500	\$383,500	\$538,000	\$342,000
Ashwood*	\$319,000	\$363,000	\$395,750	\$316,500
Avondale Heights*	\$258,500	\$292,875	\$345,750	na
Balwyn	\$526,500	\$636,000	\$816,000	\$505,000
Balwyn North	\$470,000	\$532,000	\$635,000	\$436,000
Bayswater	\$182,000	\$188,000	\$205,000	\$166,000
Bayswater North*	\$193,000	\$200,000	\$221,600	na
Beaumaris*	\$516,500	\$634,000	\$705,000	\$487,500
Belgrave*	\$174,250	\$215,500	\$233,000	\$162,500
Bentleigh	\$370,000	\$425,000	\$460,000	\$361,100
Bentleigh East	\$328,350	\$368,500	\$394,000	\$300,000
Berwick*	\$212,000	\$255,000	\$275,000	na
Black Rock*	\$583,000	\$720,000	\$880,000	\$569,250
Blackburn	\$308,750	\$360,000	\$459,100	\$293,000
Blackburn North*	\$317,500	\$326,500	\$375,000	\$256,000
Blackburn South	\$289,500	\$328,250	\$371,500	\$270,000
Boronia*	\$168,000	\$170,000	\$200,250	\$160,000
Box Hill*	\$446,750	\$455,000	\$467,500	\$305,750
Box Hill North	\$306,000	\$326,000	\$355,000	\$290,000
Box Hill South*	\$282,500	\$345,500	\$368,500	\$300,000
Braybrook*	\$183,500	\$190,250	\$218,000	na
Brighton	\$560,000	\$752,000	\$952,000	\$679,500
Brighton East	\$503,500	\$591,000	\$735,000	\$525,000
Broadmeadows	\$151,250	\$168,000	\$185,250	\$121,000
Brunswick	\$310,000	\$354,500	\$391,000	\$290,250
Brunswick East*	\$299,000	\$340,000	\$380,000	\$286,500
Brunswick West	\$300,000	\$310,000	\$378,000	\$293,400
Bulleen*	\$307,000	\$335,000	\$393,250	\$320,500
Burdoora	\$230,000	\$251,000	\$280,500	\$195,000
Burwood*	\$342,500	\$368,500	\$387,500	\$348,000
Burwood East*	\$290,000	\$311,500	\$339,600	\$275,000
Cambellfield*	\$179,000	\$198,500	\$208,600	na
Camberwell	\$524,500	\$590,000	\$801,000	\$531,800
Canterbury	\$595,500	\$880,000	\$985,000	\$648,000
Carlton	\$402,500	\$478,000	\$547,500	\$394,250
Carlton North	\$425,000	\$455,000	\$650,000	\$405,050
Carnegie	\$360,000	\$410,000	\$440,000	\$340,000
Caulfield*	\$442,500	\$484,250	\$613,250	\$460,000
Caulfield North*	\$378,750	\$484,000	\$664,000	na
Caulfield South	\$484,000	\$604,000	\$691,750	na
Chadstone*	\$295,940	\$320,500	\$375,000	\$269,250
Cheltenham	\$301,500	\$326,000	\$372,750	\$277,000
Chirside Park*	\$225,000	\$266,250	\$272,500	\$215,000
Clayton*	\$252,380	\$278,000	\$302,750	\$221,000
Clayton South*	\$241,500	\$253,250	\$270,500	na
Clifton Hill	\$426,000	\$463,500	\$580,000	\$367,000
Coburg	\$279,500	\$318,750	\$368,750	\$246,000
Coburg North	\$247,000	\$260,000	\$288,600	na
Collingwood*	\$325,500	\$382,250	\$423,500	\$338,000
Craigieburn	\$160,000	\$190,000	\$212,000	\$140,000
Croydon	\$203,250	\$238,000	\$285,625	\$185,000
Croydon Hills*	\$266,000	\$295,000	\$330,000	na
Croydon North*	\$246,000	\$310,000	\$330,100	na

\* indicates that less than 30 sales were recorded during the quarter  
Source: REIV Property Database



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### House Prices – June Quarter 2002

	LOWER QUARTILE	JUNE QUARTER 2002 MEDIAN	UPPER QUARTILE	JUNE QUARTER 2001 MEDIAN
Dallas*	\$139,100	\$152,700	\$163,750	na
Dandenong	\$145,000	\$160,250	\$203,500	\$145,000
Dandenong North	\$174,750	\$192,500	\$275,500	na
Deer Park	\$157,750	\$175,000	\$192,000	\$135,000
Delahey*	\$192,050	\$201,250	\$230,250	na
Diamond Creek	\$264,000	\$290,000	\$383,000	\$239,650
Dingley*	\$253,975	\$288,000	\$312,500	na
Dingley Village*	\$315,000	\$367,000	\$460,000	\$257,500
Doncaster	\$333,500	\$372,000	\$419,000	\$320,000
Doncaster East	\$318,500	\$357,000	\$409,500	\$300,000
Donvale	\$309,000	\$412,000	\$588,750	\$333,000
Eaglemont*	\$623,000	\$665,000	\$700,000	na
East Melbourne*	\$556,000	\$1,041,000	\$1,525,000	\$975,000
Elsternwick*	\$459,750	\$578,750	\$684,500	\$566,500
Eltham	\$286,000	\$351,250	\$419,350	\$316,000
Elwood	\$543,750	\$715,000	\$896,000	\$560,000
Endeavour Hills	\$170,000	\$203,500	\$245,000	\$168,000
Epping	\$197,750	\$221,000	\$256,000	\$208,500
Essendon	\$373,250	\$471,000	\$615,500	\$365,000
Essendon North*	\$306,250	\$328,000	\$386,000	na
Fairfield*	\$395,000	\$426,000	\$473,000	\$343,000
Fawkner*	\$204,250	\$221,500	\$258,100	na
Ferntree Gully *	\$200,000	\$214,500	\$230,250	na
Fitzroy	\$440,000	\$461,000	\$613,000	\$412,750
Fitzroy North	\$401,500	\$458,000	\$540,000	\$392,500
Flemington*	\$332,500	\$377,500	\$437,000	\$288,000
Footscray	\$230,000	\$275,000	\$321,000	\$240,000
Footscray West	\$258,000	\$275,000	\$305,000	\$223,000
Forest Hill*	\$251,000	\$276,500	\$327,500	\$238,750
Frankston	\$160,000	\$180,000	\$200,500	\$123,000
Gisborne	\$205,500	\$229,000	\$283,000	na
Gladstone Park*	\$212,000	\$225,000	\$233,500	\$183,000
Glen Iris	\$558,000	\$615,000	\$715,000	\$495,000
Glen Waverley	\$312,000	\$349,000	\$406,500	\$276,000
Glenhuntly*	\$329,250	\$352,000	\$488,500	\$427,500
Glenroy	\$217,500	\$242,500	\$264,750	\$190,000
Greensborough	\$261,000	\$284,625	\$315,100	\$220,000
Greenvale*	\$360,000	\$497,125	\$516,500	na
Hampton	\$435,500	\$554,000	\$695,500	\$448,500
Hampton East*	\$345,000	\$376,500	\$440,000	na
Hawthorn	\$500,000	\$610,000	\$836,000	\$450,000
Hawthorn East	\$557,500	\$760,000	\$865,000	\$542,000
Healesville	\$155,250	\$183,000	\$276,250	\$132,000
Heatherton	\$335,000	\$372,500	\$415,000	na
Heathmont*	\$216,000	\$259,250	\$267,500	\$220,750
Heidelberg*	\$314,500	\$363,250	\$396,250	\$292,000
Heidelberg Heights*	\$232,500	\$267,500	\$295,000	\$217,000
Heidelberg West*	\$186,500	\$216,750	\$279,000	\$180,000
Highbett*	\$343,000	\$360,000	\$395,500	\$293,500
Hillside*	\$215,000	\$240,000	\$293,500	na
Hoppers Crossing*	\$164,100	\$164,100	\$164,100	na
Hurstbridge*	\$191,100	\$268,250	\$332,500	na
Ivanhoe	\$345,000	\$483,000	\$566,250	\$477,250
Ivanhoe East*	\$555,000	\$575,000	\$781,500	na
Kealba*	\$206,250	\$211,250	\$212,500	na
Keilor*	\$269,000	\$280,000	\$325,500	\$224,500
Keilor Downs	\$204,250	\$228,750	\$250,500	na
Keilor East	\$254,250	\$274,000	\$294,504	na
Keilor Park*	\$229,500	\$235,000	\$267,500	na
Kensington	\$315,000	\$380,000	\$427,750	\$301,500
Kew	\$456,125	\$620,750	\$815,000	\$581,000
Kew East	\$488,500	\$505,000	\$550,750	\$459,500
Keysborough*	\$188,000	\$200,000	\$215,000	na

\* indicates that less than 30 sales were recorded during the quarter  
Source: REIV Property Database



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### House Prices – June Quarter 2002

	LOWER QUARTILE	JUNE QUARTER 2002 MEDIAN	UPPER QUARTILE	JUNE QUARTER 2001 MEDIAN
Kilsyth	\$188,500	\$203,500	\$230,000	\$175,000
Kingsbury*	\$188,750	\$226,750	\$265,250	na
Kingsville*	\$275,000	\$320,000	\$370,000	na
Lalor	\$186,500	\$194,500	\$206,250	\$174,250
Laverton*	\$138,000	\$151,250	\$188,500	\$171,000
Lilydale	\$198,000	\$253,000	\$305,500	\$189,000
Lysterfield*	\$336,500	\$386,000	\$438,000	na
Macleod*	\$239,750	\$270,500	\$316,000	na
Maidstone	\$232,500	\$250,000	\$286,000	\$205,500
Malvern	\$443,000	\$551,000	\$775,000	\$578,000
Malvern East	\$418,750	\$512,000	\$664,000	\$465,000
Maribyrnong	\$310,000	\$369,500	\$465,000	na
McKinnon*	\$370,500	\$441,250	\$521,000	\$348,000
Meadow Heights*	\$159,000	\$190,000	\$199,500	\$155,000
Melton	\$129,500	\$151,750	\$166,500	\$110,000
Melton South*	\$138,000	\$163,000	\$196,000	na
Mentone	\$336,000	\$395,000	\$510,000	\$320,000
Middle Park*	\$556,000	\$659,500	\$845,000	\$692,000
Mill Park*	\$230,000	\$242,250	\$284,000	na
Mitcham	\$265,000	\$306,000	\$365,000	\$236,750
Mont Albert*	\$425,750	\$462,500	\$518,750	\$378,500
Mont Albert North*	\$339,500	\$366,000	\$395,900	na
Montmorency*	\$254,125	\$284,250	\$305,300	\$243,500
Montrose*	\$211,250	\$280,000	\$345,062	\$225,000
Moonee Ponds	\$346,500	\$390,000	\$476,000	\$357,000
Moorabbin*	\$332,250	\$398,250	\$436,500	\$289,000
Mooroolbark	\$195,000	\$220,000	\$259,975	\$183,000
Mordialloc*	\$355,500	\$381,000	\$438,000	\$250,500
Mornington*	\$327,500	\$393,000	\$613,000	na
Mount Waverley	\$320,000	\$351,000	\$431,300	\$286,000
Mt Eliza	\$269,350	\$341,500	\$412,500	\$363,000
Mt Evelyn	\$171,675	\$197,500	\$254,250	\$167,000
Mulgrave	\$223,000	\$251,300	\$285,000	\$223,000
Murrumbena*	\$356,500	\$390,500	\$550,500	\$328,250
New Gisborne*	\$375,250	\$420,000	\$456,750	na
Newport	\$329,000	\$370,000	\$443,750	\$288,000
Niddrie*	\$315,500	\$334,750	\$350,000	\$299,500
Noble Park*	\$167,000	\$176,750	\$202,000	\$136,000
North Melbourne	\$350,000	\$424,000	\$501,000	\$358,000
Northcote	\$346,500	\$376,750	\$425,000	\$320,000
Nunawading	\$277,500	\$300,880	\$335,000	\$265,000
Oak Park*	\$278,500	\$313,000	\$330,030	\$268,900
Oakleigh	\$285,014	\$301,350	\$401,750	\$256,500
Oakleigh East*	\$268,200	\$325,000	\$330,000	na
Oakleigh South	\$270,000	\$290,000	\$315,000	na
Ormond	\$420,000	\$444,000	\$570,000	\$399,000
Park Orchards*	\$444,500	\$518,500	\$576,000	\$428,000
Parkdale	\$350,000	\$407,000	\$455,000	\$285,000
Parkville*	\$1,125,000	\$1,250,000	\$1,250,000	na
Pascoe Vale	\$283,750	\$329,375	\$376,750	\$270,000
Pascoe Vale South	\$280,000	\$313,000	\$359,000	na
Port Melbourne	\$411,500	\$496,500	\$627,750	\$466,000
Portsea*	\$835,000	\$1,025,000	\$2,532,500	\$530,000
Prahran	\$415,000	\$502,000	\$590,000	\$436,000
Preston	\$274,000	\$312,000	\$338,750	\$250,000
Preston West*	\$252,000	\$313,000	\$357,000	na
Research*	\$374,750	\$460,000	\$500,000	na
Reservoir	\$210,000	\$250,000	\$289,000	\$207,500
Richmond	\$357,000	\$399,250	\$453,500	\$380,000
Ringwood	\$218,250	\$240,000	\$285,750	\$212,000
Ringwood East*	\$217,700	\$253,250	\$322,500	na
Ringwood North*	\$283,750	\$338,000	\$442,500	na
Rosanna*	\$266,000	\$375,000	\$408,575	\$291,300

\* indicates that less than 30 sales were recorded during the quarter  
Source: REIV Property Database



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### House Prices – June Quarter 2002

	LOWER QUARTILE	JUNE QUARTER 2002 MEDIAN	UPPER QUARTILE	JUNE QUARTER 2001 MEDIAN
Rowville	\$220,500	\$283,500	\$345,625	\$256,000
Roxburgh Park	\$185,250	\$210,000	\$239,750	\$193,000
Sandringham	\$491,000	\$574,150	\$740,000	\$475,000
Seabrook*	\$190,250	\$203,500	\$214,000	na
Seaford*	\$206,500	\$284,000	\$363,500	na
Seddon	\$270,000	\$325,000	\$363,000	\$258,000
Selby*	\$190,750	\$208,750	\$225,000	na
South Melbourne	\$415,000	\$485,000	\$576,000	\$417,500
South Yarra	\$544,000	\$683,000	\$985,000	\$568,750
Spotswood	\$281,250	\$303,500	\$370,000	\$257,500
Springvale South*	\$183,500	\$189,500	\$211,750	na
St Albans	\$171,500	\$182,500	\$210,300	\$137,750
St Albans East*	\$177,500	\$197,250	\$218,000	na
St Kilda	\$425,250	\$550,000	\$640,000	\$510,000
St Kilda East*	\$448,250	\$497,500	\$630,000	\$440,000
Strathmore	\$352,250	\$450,000	\$502,500	\$390,500
Sunbury	\$163,000	\$185,750	\$225,000	\$150,000
Sunshine	\$185,000	\$210,500	\$233,000	\$158,250
Sunshine North	\$196,500	\$208,000	\$235,750	na
Sunshine West	\$171,250	\$187,500	\$213,600	na
Surrey Hills	\$441,000	\$556,500	\$678,000	\$460,000
Sydenham*	\$190,000	\$238,000	\$261,500	na
Taylors Lakes	\$251,000	\$292,500	\$335,000	\$242,000
Tecoma*	\$174,500	\$195,250	\$257,000	na
Templestowe	\$394,500	\$482,500	\$592,000	\$429,300
Templestowe Lower	\$315,000	\$364,000	\$418,750	\$330,000
Thomastown*	\$184,250	\$198,000	\$228,500	\$184,000
Thornbury	\$300,500	\$331,000	\$372,750	\$289,500
Toorak	\$920,500	\$1,240,000	\$1,762,500	\$1,190,000
Tullamarine*	\$215,000	\$220,000	\$225,250	\$180,000
Upwey	\$175,500	\$200,000	\$240,000	\$155,000
Vermont	\$250,000	\$268,500	\$335,000	\$229,500
Vermont South	\$305,000	\$357,000	\$415,000	\$296,250
Wantirna*	\$235,000	\$245,000	\$327,000	\$235,000
Wantirna South	\$269,000	\$303,000	\$394,000	na
Warrandyte*	\$430,875	\$496,500	\$648,000	\$495,000
Warranwood*	\$310,650	\$421,150	\$513,750	na
Watsonia*	\$236,500	\$252,000	\$285,500	\$191,000
Werribee*	\$222,000	\$333,000	\$393,000	na
West Melbourne*	\$412,000	\$450,000	\$500,500	na
Westmeadows*	\$184,950	\$244,750	\$267,500	na
Whealers Hill	\$283,000	\$330,100	\$424,000	\$330,750
Williamstown	\$422,500	\$532,250	\$667,500	\$465,000
Woodend*	\$190,000	\$237,500	\$402,500	na
Yallambie*	\$250,500	\$275,000	\$315,000	na
Yarra Glen*	\$200,000	\$251,500	\$317,600	\$165,000
Yarraville	\$280,250	\$320,000	\$355,000	\$265,000

### Unit/Flat/Apartment Snapshot

Most expensive	Most affordable	Highest turnover
1. Brighton	1. Sunshine	1. St Kilda
2. Port Melbourne	2. Footscray	2. Melbourne
3. Camberwell	3. Bayswater	3. South Yarra
4. Toorak	4. Footscray West	4. Elwood
5. Elwood	5. Croydon	5. Essendon
6. South Yarra	6. Reservoir	6. Richmond
7. Williamstown	7. Thornbury	7. St Kilda East
8. Richmond	8. Essendon	8. Carnegie
9. St Kilda	9. Mentone	9. Box Hill
10. Melbourne	10. Brunswick	10. Croydon

(Note: Only suburbs where a minimum of 30 sales recorded are included.)





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### Unit/Flat/Apartment Prices - June Quarter 2002

	LOWER QUARTILE	JUNE QUARTER 2002 MEDIAN	UPPER QUARTILE	JUNE QUARTER 2001 MEDIAN
Balwyn	\$265,000	\$305,000	\$430,000	\$353,750
Box Hill	\$222,500	\$275,750	\$329,000	\$278,000
Brunswick	\$186,625	\$243,500	\$330,000	\$185,000
Camberwell	\$258,500	\$405,000	\$552,000	\$240,000
Carnegie	\$196,250	\$251,800	\$312,500	\$160,000
Croydon	\$160,000	\$184,950	\$242,000	\$174,500
Elwood	\$281,250	\$367,500	\$481,500	\$250,000
Essendon	\$175,500	\$214,500	\$272,500	\$190,000
Footscray	\$127,500	\$140,000	\$195,500	\$115,550
Hawthorn	\$250,500	\$284,000	\$370,500	\$220,000
Melbourne	\$230,000	\$307,250	\$373,000	\$283,750
Mentone	\$169,950	\$225,000	\$265,000	\$191,000
Reservoir	\$162,000	\$190,000	\$215,000	\$170,000
Richmond	\$254,250	\$319,500	\$447,750	\$245,000
South Yarra	\$273,100	\$354,000	\$422,000	\$306,250
St Kilda	\$243,250	\$310,000	\$416,500	\$233,000
St Kilda East	\$233,000	\$282,500	\$336,250	\$218,500
Thornbury	\$176,500	\$213,000	\$244,000	\$171,500
Toorak	\$325,500	\$395,000	\$523,500	\$395,000
Williamstown	\$235,000	\$320,500	\$385,000	\$306,000

Source: REIV Property Database

Only suburbs with a minimum of 30 reported sales are included in the analysis.  
Suburbs with the highest turnover are included in the analysis.

#### Economic Indicators

#### Change from March Quarter 2002

##### Interest Rates



At the end of the June quarter, the RBA increased interest rates twice within four weeks with the cash rate reaching 4.75 per cent on June 5, still at a record low rate. It was the opinion of the RBA that the overheating housing market was a potential source of future problems, this being strong rises in house prices accompanied by a rapid expansion in household debt.

Despite clear indication from the RBA that interest rates are on hold, it is quite certain that the RBA will be quick to react and further increases will follow in the next quarter.

##### AUD



The Australian Dollar (AUD) strengthened in the first two quarters of this year, gaining 13% since February of this year, making this its strongest performance against the USD in 14 years. During the June quarter (specifically in late May early June) the AUD jumped more than US\$0.03 cents to reach US\$0.57. This depicts strong export and strong economy.

##### GDP



The Australian economy has experienced strong growth with real GDP increasing by 4.2 per cent during the course of 2001 and 3.5 per cent for the first quarter of this year.

#### Property Market Indicators

#### Change from March Quarter 2002

##### House Prices



Figures for the June 2002 Quarter, show a 3.5% increase from March 2002 (\$316,500) to June 2002 (\$327,500), with an annual increase of 12.5% from \$291,000 in June 2001 to \$327,500 in June 2002. The upper quartile of the market experienced a 1.7% increase for the quarter and a rise of 11.2% for the year, with the lower quartile of the market experiencing an increase of 6.3% for the quarter and an overall increase of 14.6% for the year.

##### Unit/Flat/Apartment Prices



Figures for the June 2002 Quarter, show a 8.6% increase from March 2002 (\$245,300) to June 2002 (\$266,425), with an annual increase of 15.8% from \$230,100 in June 2001 to \$266,425 in June 2002. The upper quartile of the market experienced a decline of 3.7% for the quarter and no increase for the year, with the lower quartile of the market experiencing an increase of 21.0% for the quarter and an overall increase of 33.1% for the year.

##### Residential Vacancy Rates



Melbourne's residential vacancy rates increased marginally for the June Quarter 2002 with a vacancy rate of 3.8%, an increase from last quarter where the residential vacancy rate for Melbourne was 3.4%. Despite this increase over the quarter, the figures show a decrease in vacancy rates of 0.1% over the year (3.9% in June 2001 to 3.8% in June 2002).



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Bank of Melbourne