

Domain

Buoyant Apartment Market ‘Set to Fly’

March 5, 2014 Carolyn Boyd



Red-hot Redfern: The suburb’s house price record was smashed last June with the sale of the late artist Brenda Humble’s home at 27 Chelsea Street for \$2.58 million, \$300,000 over the reserve.

House and unit prices in all but a handful of city and east suburbs grew in 2013, some surging ahead by more than 25 per cent.

Median house prices in 24 suburbs, led by Clovelly, Bondi Beach, Rose Bay, Roseberry and Double Bay recorded double digit growth. There were only two suburbs – Bronte and Kensington – where house prices did not rise.

In apartments, median prices in 19 suburbs grew by more than 10 per cent, with increases of more than 25 per cent in Little Bay, Point Piper, Dawes Point and Millers Point.

Raine & Horne chief Angus Raine says in 2014 the apartment market between \$600,000 and \$1 million is “set to fly”.

“Suburbs such as Double Bay, Rose Bay, Vaucluse, Dover Heights, Bondi Beach, North Bondi, Tamarama and Bronte could jump around 10 per cent this year,” Raine says.

At the other end of the scale – premium properties over \$3 million – conditions have not been so buoyant. However, Dr Andrew Wilson, the senior economist at Australian Property Monitors, sees a more positive year for prestige property. “I don’t think it will get back to those previous price peaks but I still think it will be a growth year overall,” Wilson says.

BresicWhitney director Shannan Whitney has seen more inquiry for higher-priced property but off “a very sluggish base”.

Raine cautions that homes above \$3 million “need to be priced appropriately to sell”.

Overall, the city and east market was certainly busier in 2013 – the volume of houses and units sold jumped to 10,910, a stark improvement from the 8863 traded in 2012 and higher than 2011 when 10,197 properties changed hands.

The year ended on a high note, too. “It is probably the first year for a while that we have seen most of the stock generally cleared,” says Whitney.

The lure of inner-city living will strengthen as Sydney’s population grows, says St George Bank senior economist Hans Kunnen. Prices “will continue to climb steadily”, he says.

Young families are already edging ever-closer to the CBD, buying in former no-go areas in Redfern, Chippendale and Darlington. “That part of town is very hot,” says agent Poh Ling Ee, of Ee Real Estate. “In the past, lots of people wouldn’t live in Redfern.”

Buyers agent Lisa Bradley of Finders Keepers says Rosebery, too, will benefit from young families wanting an alternative to the inner east and inner west. Further east, Bradley says, Paddington, Double Bay and Bondi are likely to garner more buyer attention.

Pauline Goodyer, of Goodyer Real Estate, expects there to be strong competition this year between upsizers and downsizers for semis up to \$1.5 million. “We are going to see tight supply,” she says.

More large homes should also come on to the market as vendors move to “realise capital growth”, says Goodyer. And the buyers of those could be expats keeping an eye on Australia’s currency.

“We’re seeing movement,” says Goodyer. “They’re ready to buy now. We’ve got expats coming from the UK, coming from Europe and the Americas.”

There’s also strong interest from Hong Kong and China, says Goodyer.

In Surry Hills, agents say the controversial future tramline along Devonshire Street isn’t affecting prices but has encouraged some owners to sell.

Further out, in Kingsford, Goodyer says, the tramline will inject excellent growth potential as the university suburb will “become hugely accessible to trendy inner city suburbs”.

Bradley says the influx of apartments at Central Park in Chippendale will attract both local investors and foreign buyers.