



BROUGHT TO YOU BY

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LOCAL PROPERTY NEWS

SURREY HILLS - WINTER 2012

Dear Surrey Hills Resident,

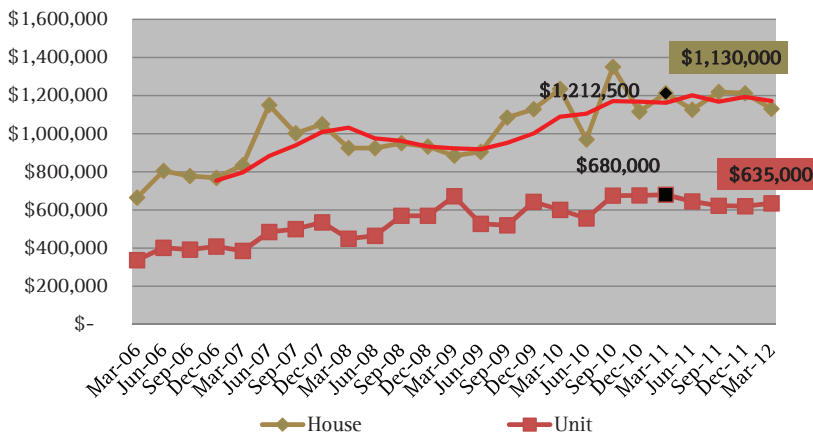
Welcome to the winter edition of Local Property News. The last few months have seen a positive market place with more buyers active in your area, which we believe will stimulate increased demand and pricing. With consumer confidence and spending expected to continue, we look forward to a stronger market in the coming months. We hope you enjoy reading about the influences behind this great news and the impact on both your home and suburb.

REIV AWARDS FOR EXCELLENCE 2011
Large Residential Agency of the Year **WINNER**

REIV AWARDS FOR EXCELLENCE 2011
Website Award **WINNER**
2003, 2010 and 2011

REIV AWARDS FOR EXCELLENCE 2011
Residential Salesperson of the Year **WINNER**
2006, 2010 and 2011

SURREY HILLS - LOCAL OVERVIEW



Source: REIV QTR Median House Pricing Report March 2012

The March quarter realised a shift in the median house price of Surrey Hills. It is important to appreciate that higher-end suburbs do have a higher than normal fluctuation in quarterly pricing and, when observing the trend line of the average house price over a 12 month period, the pricing has remained relatively stable for an 18 month period. As we are seeing greater buyer interest we expect the prevalence of more higher-end properties entering the market. Unit pricing in Surrey Hills continues to provide good pricing stability, with the expectation of possible upside with increased buyer activity.

Properties sold in Surrey Hills from January 2012 - March 2012

52 approx.

Number of properties currently for sale in Surrey Hills as at 4 May 2012

50 approx.

Record sale price in Surrey Hills

\$3,575,000

The median house price in Surrey Hills

\$1,130,000

COMMUNITY NOTICE BOARD

Happy Birthday Peter Rabbit

When: Saturday, 7 July 2012
10am and 12pm

Where: Whitehorse Centre
397 Whitehorse Road, Nunawading

What: Celebrate the 110th anniversary of Beatrix Potter's beloved classic with 'Happy Birthday Peter Rabbit', a mischievous musical about the world's most lovable bunny. Tickets are \$16, contact (03) 9262 6555.

The Wizard of Oz

When: Wednesday, 11 July 2012
10am

Where: Whitehorse Centre
397 Whitehorse Road, Nunawading

What: This favourite is from the golden years of Hollywood and is perfect for the young at heart. Tickets are \$7, contact (03) 9262 6555.

Australian Army Band

When: Wednesday, 8 August 2012
11am

Where: Whitehorse Centre
397 Whitehorse Road, Nunawading

What: From opera to jazz, Tchaikovsky to Lloyd Webber, this show is for lovers of beautiful music.

All for Kids Market

When: Saturday, 18 August 2012
9am - 1pm

Where: NewHope Baptist Church
3-7 Springfield Road, Blackburn North

What: Grab a near perfect pre-loved bargain, or find that elusive new or handmade gift from our creative and talented 'mumpreneurs'. Cafe, face painting and more! Only \$3 entry and kids free! Visit www.allforkidsmarket.com.au

“The property market moves in cycles and now we are in one of stability, with overall median house prices showing no real growth. The median house price in metropolitan Melbourne was \$535,000, representing a minor increase of 0.9 per cent from a revised December quarter median of \$530,000”, says REIV CEO Enzo Raimondo.

Whilst this is a reflection of what we are experiencing in our key areas, as most of our suburbs remained static over the last 12 months, we are seeing a refreshing trend of increased buyer activity. Clearly, this is a positive sign that seems to be fueled by recent interest rate cuts which helps stimulate all sections of the market, including first home buyers. Further to this, our local market is demonstrating very strong signs of recovery with auction clearance rates over the last two months well above those seen across greater Melbourne, showing buyers are becoming particularly active in our area. This augurs well for the future as we expect the latest May interest rate cut to further stimulate buyer interest.

Traditionally, winter is seen as a slower period for real estate but as the supply of property remains at realistic levels and buyer demand grows, we expect an upward pressure on pricing and well priced property to sell quickly. If you are looking at buying or selling property soon we see the period ahead as a good time as there are potential gains to be had for both parties. Buyers who act quickly may be able to upgrade or buy into an area that they could not previously afford and sellers can feel more positive about the increase in buyer activity.

A further sign of recovery is the number of high end properties returning to the marketplace. Recently we achieved a record sale price for a modern home in the suburb of Mont Albert North and we have a number of other higher priced properties coming up for sale that we also expect will produce record results. This resurgence of quality new stock and positivity driven by higher attendances at inspections certainly provides us with market confidence going into winter.

In this edition we shall cover two key questions that are very relevant to our real estate market.

1. How do interest rates influence the market?

Quite simply, lower interest rates enable us to spend more thereby circulating cash into our economy. Increased cash flow means that people are more inclined to spend and/or save. Cash also builds consumer confidence and tends to have a domino effect on spending. Assuming the local and national economy remains intact, as it is currently, it will lead to increased activity in the real estate market. The return in confidence does not occur overnight and there is usually a three month lag following any interest rate shifts, whether up or down. In our market we are particularly buoyed by the Reserve Bank of Australia’s (RBA) decision to substantially reduce the cash rate and as the banks follow suit we expect a further injection of buying confidence.

2. What are the drivers of an interest rate cut?

The RBA looks at a number of economic indices when deciding whether to change interest rates on the premise that the stronger the economy the less likely a rate cut. As we operate in a two speed economy that is also fueled by the mining sector, in deciding to reduce interest rates the RBA took the precautionary stance that our economy needs some stimulus, particularly given the influence of the high Australian dollar on exports that is negatively impacting our manufacturing sector.

The RBA wrote in its May rate statement *“In Australia, output growth was somewhat below trend over the past year...and was affected in part by temporary factors, but also by the persistently high exchange rate. Labour market conditions softened during 2011, though the rate of unemployment has so far remained little changed at a low level.”*

This all means that the RBA sees some potential challenges ahead and so have moved to build more confidence in some of our more volatile sectors being retail, manufacturing and the property market. As consumers we also thank the banks for following the RBA’s lead and passing on the rate cuts.

RECENT FLETCHERS SALES IN SURREY HILLS

[Source: PDOL]

Address	BRs	Land Size	Type	Price
Boisdale Street	4	801 sq m approx.	House	\$1,478,000
Broughton Road	4	781 sq m approx.	House	\$960,000
Blackburn Street	2	N/A	Villa	\$635,000
Warrigal Road	3	383 sq m approx.	House	\$570,000
Boisdale Street	4	660 sq m approx.	House	\$1,645,000
Kent Road	4	N/A	Townhouse	\$870,000
Drewett Street	3	317 sq m approx.	House	\$780,000
Middlesex Road	3	407 sq m approx.	Unit	\$950,000
Guildford Road	4	1,013 sq m approx.	House	\$2,185,000



Boisdale Street



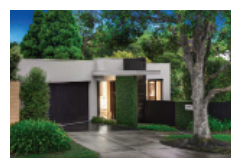
Broughton Road



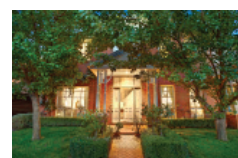
Blackburn Street



Warrigal Road



Boisdale Street



Kent Road



Drewett Street



Middlesex Road

Commitment

Local Knowledge

Integrity

Quality Service



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