

Average Melbourne home value soaring by \$300 a day

House prices rebound

MELBOURNE'S housing market is back in business.

Average property values are rising at a rate of almost \$300 a day and the median house price is now \$520,000 — up more than \$8000, or 1.6 per cent, in February, according to new figures.

The growth defies expectations prices would struggle for at least two more years.

Melbourne is enjoying its best start to auction sales since 2008. The Real Estate Institute of Victoria said 3000

**Nathan Mawby and
Stephen McMahon**

homes would go under the hammer before Easter.

Last week's clearance rates hit 72 per cent, the highest since October 2010.

Economists tip fixed interest rates as low as 4.99 per cent will see further property price increases and a rising stock market.

New RP Data/Rismark Home Value Index figures revealed the hefty February

gains and an average rise in house values of \$120 a day over the past three months.

RP Data analyst Tim Lawless said yesterday the growth was not a one-off. The market had risen by about \$20,000 (4 per cent) since it bottomed out in May.

The past six months' growth was exceptional, he said, but values remained an average of 6.9 per cent below their 2010 peak, and would have to grow that much before the recovery was total.

"A 2.2 per cent increase for the quarter is a surprisingly strong result," Mr Lawless said. "We haven't seen consistent growth like that since September 2010."

He said prices would not take off, but the market had defied expectations.

This weekend will be the busiest for auctions this year: 970 are listed, according to the REIV.

The increased confidence makes a further rate cut unlikely when the Reserve

Bank meets on Tuesday. The futures market is betting there is less than a 20 per cent chance that rates will fall by 0.25 per cent to a record low of 2.75 per cent.

A cut in the June-July period is still seen as a possibility, albeit a declining one.

Household confidence has been boosted by the near-20 per cent boost to the share market over the past six months.

nathan.mawby@news.com.au

**FULL
AUCTION
RESULTS
TOMORROW
IN YOUR**

Sunday Herald Sun