



5 Carroll St, North Melbourne, sold for \$1.35 million in its “bride” suburb.

VIC

‘Bridesmaid’ suburbs offer more affordable entry to the market but ‘brides’ are better for price growth

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THE old adage of always the bridesmaid never the bride might be true in property as well as life.

While there has long been a belief that buying in a suburb neighbouring a traditionally blue-chip area would give you better growth at a lower price point, in reality, it might not be the case.

“Conventional wisdom is that by investing in neighbouring suburbs that have lower median prices, an investor would achieve stronger growth than in the blue-chip suburb,” said Secret

Agent Property Services lead data analyst Richard Rossmann.

“This is because they would benefit from the spillover effect of buyers being unable to afford the blue-chip locations and the subsequent gentrification of the suburb.”

Secret Agent analysed the growth of five bride and bridesmaid suburb pairs in inner Melbourne over the past five years, with the suburbs divided into pairs, based on locality and differences in median prices.

The data showed that while entry points for bridesmaid suburbs might be considerably lower, bride suburbs still offered better returns.

“This is most likely a reflection of these areas being more desirable and having a lower turnover rate, resulting in reduced supply, than their cheaper neighbours,” Mr Rossmann said.

For example, while the average property in Brunswick East can be bought for \$150,000 less than comparable properties in Carlton North, median growth over the past five years was half as good, according to the Secret Agent data.

There was also a significant growth and price gap between tightly-held East Melbourne and neighbouring Richmond. Not only was East Melbourne’s median property price \$2,075,000 compared with Richmond’s \$860,000, but average growth was also 5 percentage points greater in the past five years.

However, the gap is not always so pronounced, with the difference between Kensington and more fancied neighbour North Melbourne an example of this.

Kensington’s median property price was \$115,000 behind North Melbourne’s but price growth was just 0.2 percentage points behind.

Mr Rossmann said the research showed it was often not the suburb that determined returns, but selecting the right property for the right price.

“Great returns are possible in almost all of inner Melbourne, provided that the property selected meets the right criteria,” Mr Rossmann said.

Advantage Property Consulting director Frank Valentic agreed that it was important to have a focus on what you were getting for your money.

“While growth may be higher in the traditionally blue-chip areas, value for money can be greater in the neighbouring ‘ugly duckling’ suburbs,” Mr Valentic said. “More than likely you’ll be getting more land and accommodation at a lower price point in the neighbouring suburb.

“The land factor is really important as that does underpin value.”

He said the fact the blue-chip areas outperformed their neighbours in the past five years did not mean that would always be the case.

“At some point those areas will reach a cap and growth will have to slow,” Mr Valentic said. “If I had to look into my crystal ball, I’d say the gap would close a bit in the coming years, a sort of changing of the guard.”

While the A-grade suburbs were “bulletproof” and would always experience growth, they did not have the same scope for continued high growth as their neighbours.

“The more prices continue to rise the more that demand will flow through to the traditionally less popular areas,” Mr Valentic said.

BRIDESMAID

63 UNION ST, NORTHCOTE

Bed: 3

Bath: 1

Sold price: \$1.275 million



📷 63 Union St, Northcote.

BRIDE

191 SCOTCHMER ST, FITZROY NORTH

Bed: 3

Bath: 1

Car: 1

Sold price: \$1.4 million



📷 191 Scotchmer St, Fitzroy North.

BRIDESMAID

72 BAYSWATER RD, KENSINGTON

Bed: 3

Bath: 1

Car: 1

Sale Price: \$1.271 million



📷 72 Bayswater Rd, Kensington.

BRIDE

5 CARROLL ST, NORTH MELBOURNE

Bed: 3

Bath: 1

Car: 1

Sale Price: \$1.35 million



📷 5 Carroll St, North Melbourne.
