

There's no way you can go wrong if you buy a property in the right parts of Melbourne's blue-chip suburbs, writes **David Adams**.

COVER STORY

THEY'RE the stalwarts; locales that have historically risen above the vicissitudes of the property market and where — provided you buy wisely — you should be able to ride out any downturn.

Property experts say such blue-chip suburbs are typically located close to the CBD — generally within 15 kilometres — and offer good and consistent quality housing stock, often period homes, in wide, tree-lined streets.

Jarrold Frazer, a director at Melbourne Property Valuations, says other factors that set blue-chip suburbs apart include their access to public transport and shopping. "And the schools, the prestigious schools," he says.

Buyers' advocate Peter Rogozik says the reason certain suburbs hold their value well comes back to the "fundamentals of the economic laws of supply and demand".

"There's limited supply — that equals high prices or increasing prices," he says.

But Mr Rogozik adds that it's vital to make the "right property choice" even within blue-chip suburbs.

"This is critical and this is where a lot of people come unstuck; they might choose the right suburb but they make the wrong choice of property."

He says the ingredients of a quality home purchase include location in a good street (for example, a street with consistency in the homes' architectural period); a house with a scarcity or uniqueness factor (such as one with rare period features); proximity to infrastructure such as transport, schools and shopping; and a good floorplan.

"Properties with those ingredi-



Little Italy: with its pizzerias and cafe culture, Lygon Street in Carlton has a distinct Mediterranean feel.

ents will not only hold their value in a recession but in a lot of instances . . . will keep on appreciating," he says.

Experts also warn against buying homes priced at the top end of a blue-chip suburb, suggesting that those bought at the mid-range or even at the lower end are better suited to riding out downturns. Home owners should also be careful not to overcapitalise.

Angie Zigomanis, senior consultant at BIS Shrapnel, says that while

blue-chip suburbs such as Toorak show long-term price growth, there have been times when they have seen some "more serious price declines and downturns" than other suburbs, such as in the early '90s when, after a property boom, the recession hit hard.

"That all affected people's ability to pay those extra big premiums they were paying at the time," he says.

"So there you did see those extra big declines coming through,

whereas an outer suburb (might not) have dropped by as much. But then, you wouldn't have got the same long-term price growth, either."

THE TOP 10 BLUE-CHIP SUBURBS

BRIGHTON

Long regarded as the jewel in the bayside crown, Brighton's median price rose 112.5% in the years 2002-2007 and had a March quarter (2008) median of \$1.675 million.

Close to the city and the bay,

Brighton is sought after for its large blocks and substantial homes, particularly in the waterfront area known as The Golden Mile.

ALBERT PARK

Albert Park's tree-lined streetscapes and period homes are highly sought after for the quality of the housing stock, proximity to the inner city, major infrastructure, lake and the latte lifestyle. The suburb's March quarter median price was \$1.07 million.