

Houses at the beach riding on the crest of a wave

By KATE MURRAY

NO wonder they say water is calming. If you own a home in Manly or Cronulla, you can take in the seascape safe in the knowledge you're living on the crest of Sydney's property wave.

The McGrath Home Price Guide, released by McGrath Estate Agents and Australian Property Monitors yesterday, reveals the two beach suburbs to be the best performers in the past year.

And the financial tide keeps rising, with Manly and Cronulla also topping the list of suburbs expected to increase in price across the next 12 months.

Other hot suburbs the guide says will grow include Coogee, Leichhardt, Lilyfield, Willoughby, Cremorne, Mosman, Dee Why, Avalon and Newport.

McGrath CEO John McGrath says the coastal areas and inner city experienced strong growth this year. "There are definite trends around beachside suburbs," he said. "We think that's going to continue."

McGrath and Australian Property Monitors analysed retail figures and used anecdotal evidence to make their forecasts.

Mr McGrath said the list of boom suburbs was compiled from current data and subjective predictions.

"We looked at what was the best value in high-growth areas.

"Suburbs like Willoughby and Lane Cove have got the look but not the price tag. It's coming both from current trends and our own subjective predictions."

The list is radically different from the last predictions issued by the Real Estate Institute of NSW. "Those figures, released in February, claimed western Sydney suburbs offered the fastest growth in property values."

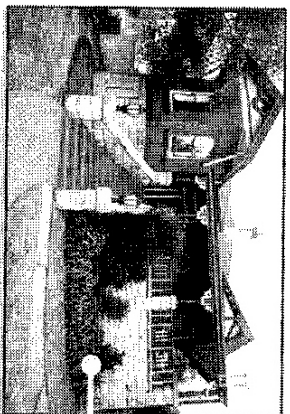
Australian Property Monitors head of research Louis Christopher said the inner city was always going to outstrip the west because of sheer unavailability of land.

"They have good growth rates but it still comes down to a lack of land in the inner city," he said. "There's an abundance of land out west, therefore generally in the longer run you're going to see stability in prices."

Mr McGrath agreed. "There is growth out west but we don't see it's there the wealthy [homebuyers] are wanting to live," he said.

MOVING ON UP...

The nine hottest suburbs for 2002



Cronulla

Per cent increase
House: 14.9%
Unit: 13.6%

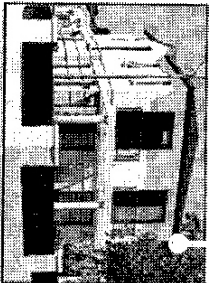


Manly

Per cent increase
House: 16.1%
Unit: 14.9%

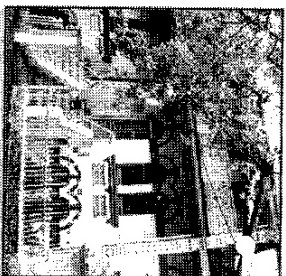
Per cent increase
House: 14.0%
Unit: 11.5%

Mosman



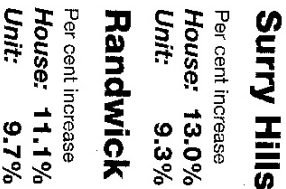
Hurstville

Per cent increase
House: 11.4%
Unit: 11.1%



Balmain

Per cent increase
House: 11.6%
Unit: 10.7%

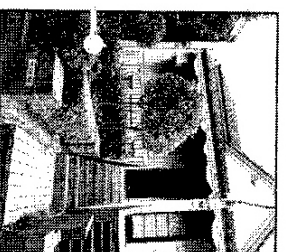


Surry Hills

Per cent increase
House: 13.0%
Unit: 9.3%

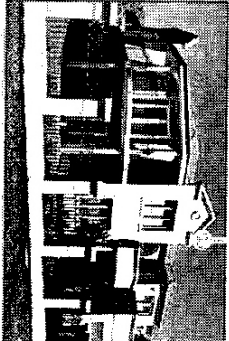
Randwick

Per cent increase
House: 11.1%
Unit: 9.7%



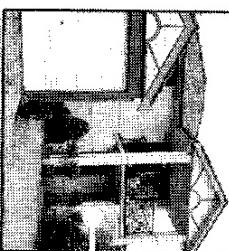
Bondi

Per cent increase
House: 13.0%
Unit: 10.0%



Dee Why

Per cent increase
House: 14.2%
Unit: 7.5%



Avalon

Per cent increase
House: 14.2%
Unit: 7.5%

Both houses and units in Manly and Cronulla, were the best performers over 2001.

While units and houses were growing fairly equally across Sydney, the report predicts house prices will begin to outstrip unit prices after June.

"It comes down to availability again," Mr Christopher said.

"Units can be built up to the sky but houses are determined by land availability."

While both home prices and unit prices are on the increase in most suburbs, Mr Christopher says homes will begin to outstrip units in coming months.

"Houses are more susceptible to changes in interest rates than units are," he said.

"Since there's been no change for some time now we believe they will grow in a similar fashion until June."

While the publishers of the guide believe there will be a small increase in interest rates in June, they say it will not have an impact on home prices.

"We've given two projections, one assuming there will be no change and one assuming there will be a 0.25 per cent increase," he said.

"We believe that that will

have no adverse affect on the property market."

The first homebuyers grant has contributed to the boom market but it's extension has not made an impact on this index.

"It will be a case of wait and see whether it has made any impact," Mr Christopher said. "We won't see that until the next quarter."

Despite all indicators saying the inner city is the place to be, Mr Christopher said it's just as good to buy in the west.

"We've seen some stats that show it's nearly impossible to buy a four-bedroom home east of Parramatta," he said.